KANSAI PAINT

NEROLAC

KANSAI NEROLAC PAINTS LIMITED

104th Annual Report 2024

INNOVATIVE MINDS, COLLABORATIVE SPIRITS & EMPOWERED PEOPLE!

The theme of Innovation, Collaboration, and Empowerment serves as a strategic framework for our organisation shaping our culture and empowering our people to drive growth and success.

Innovation is the cornerstone of our strategy, enabling us to develop cutting-edge products and solutions that stay ahead of market trends and enhance our competitiveness. Our culture is centred around innovation, encouraging creativity and continuous improvement, fostering an environment where new ideas thrive and drive progress.

We emphasise Collaboration, both internally and externally, nurturing teamwork, communication, knowledge sharing, creating an environment of interdependency where partnerships flourish and collective efforts lead to shared success.

By Empowering our employees, we unlock their potential, instill a sense of ownership, autonomy, and trust, enabling them to take initiatives, make decisions, and drive innovation at all levels of the organisation.

By prioritising ICE philosophy: Innovation, Collaboration, and Empowerment as our organisational fabric, we are poised to navigate the challenges and seize the opportunities of today's competitive business landscape, staying ahead of the curve, building strong partnerships, and creating a highly engaged and motivated workforce that is capable creating value for our stakeholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Pradip Panalal Shah
Chairman, Non-Executive,
Independent Director

Mr. Anuj Jain
Managing Director

Mr. Hitoshi Nishibayashi
Non-Executive Director

Ms. Sonia Singh
Non-Executive,
Independent Director

Mr. Shigeki Takahara
Non-Executive Director
(upto 26th June, 2023)

Mr. Takashi Tomioka
Non-Executive Director

Mr. Bhaskar Bhat
Non-Executive,
Independent Director

Mr. Pravin Digambar Chaudhari
Non-Executive Director
(from 26th June, 2023)

CHIEF FINANCIAL OFFICER

Mr. P. D. Pai

COMPANY SECRETARY

Mr. G. T. Govindarajan

BANKERS

Axis Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Standard Chartered Bank

STATUTORY AUDITORS

S R B C & CO LLP, Mumbai

REGISTERED OFFICE

28th Floor, A-wing, Marathon Futurex,
N. M. Joshi Marg, Lower Parel,
Mumbai – 400 013, Maharashtra

TELEPHONE NO.

+91-22-40602500, +91-22-40602501

CORPORATE WEBSITE

www.nerolac.com

INVESTORS RELATIONS

E-mail ID: investor@nerolac.com
Corporate Identity Number (CIN):
L24202MH1920PLC000825

ABOUT THE REPORT

REPORTING PERIOD, SCOPE AND BOUNDARY

This Report contains the financial and non-financial information of Kansai Nerolac Paints Limited (hereafter referred to as 'KNPL' or 'the Company') and its subsidiaries for the period from 1st April, 2023 to 31st March, 2024.

APPROACH TO REPORTING

The Report takes an integrated approach by providing information on various capitals beyond financial, including natural, intellectual, manufactured, social & relationship and human capital. It demonstrates the interlinkage of these capitals within the Company's business model to create value for stakeholders while managing risks and material issues.

The Report serves as a comprehensive communication, encompassing financial and non-financial resources and, highlighting the Company's value-creation process. It also includes insights into the operating context, strategies, associated risks and future prospects. Governance-related information is provided to showcase how the Company protects stakeholder interest.

The Report presents both qualitative and quantitative data to enable stakeholders to make informed decisions regarding their engagement with the Company.

REPORTING PRINCIPLE

The financial and statutory information presented in this report complies with the requirements of the Companies Act, 2013 (including the rules made thereunder), the Indian Accounting Standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The non-financial information is disclosed in accordance with Global Reporting Initiative (GRI) Standards: Core Option. It is based on calculation methodologies conforming to globally accepted standards and is presented succinctly and comparably to enhance the Report's value for all stakeholders. The assumptions, exclusions and restatements have been included wherever applicable. Further, the Report follows the content and guiding principles guidelines of the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC).

APPROACH TO MATERIALITY

The Report covers key material issues that have been identified based on various stakeholder engagements, their impact on the value-creation process and the Company's approach to addressing them with a measurable target. This facilitates stakeholders in making informed decisions with regard to their engagement with the Company.

ASSURANCE

M/s Aneja Assurance Pvt Ltd has provided limited assurance on KNPL's selective non-financial disclosures, ensuring the alignment with the GRI's Sustainability Reporting Standards. Assurance has been undertaken in line with the requirements of the International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000.

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www.nerolac.com

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MESSAGE FROM MANAGING DIRECTOR

> My belief in the ICE ideology - Innovation, Collaboration and Empowerment - has resonated with KNPL throughout the tenure. These pillars are not just words but the essence of our organisational ethos. We are driven by a relentless pursuit of Innovation, constantly seeking new solutions and pushing boundaries.

Anuj Jain
Managing Director

Dear Shareholders,

I wish to express my heartfelt appreciation for the support and the guidance I have received during my two-year tenure as the Managing Director at KNPL. These past two years have been truly enriching and I look forward to many such times at KNPL.

Economic and Business Scenario

The paint industry has been shaped by several key macro trends such as infrastructure growth, a surge in personal mobility, a shift towards premium offerings, a growing demand for services, an increasing focus on sustainable and low-emission products and the widespread adoption of digital technologies. The digital transformation has fundamentally changed consumer behaviour, driving a shift away from traditional modes and towards digital platforms.

KNPL has strategically capitalised on these trends and opportunities to drive business growth and enhance shareholder value.

The geopolitical events posed new challenges for the overall economy with increased volatility in crude oil prices, depreciation of the rupee and constraints in global supply chains. Against this backdrop, KNPL was well positioned to respond positively to these inflationary trends and deliver during the reporting year.

Innovation, Collaboration and Empowerment

My belief in the ICE ideology - Innovation, Collaboration and Empowerment - has resonated with KNPL throughout the tenure. These pillars are not just words but the essence of our organisational ethos. We are driven by a relentless pursuit of Innovation, constantly seeking new solutions and pushing boundaries. Collaboration is the cornerstone of our success, as we recognise the value of teamwork and leveraging collective expertise. 'Empowerment is crucial to us and we strive to empower every individual in our organisation to take ownership, make decisions and contribute meaningfully.

Over the past two years, we have consistently worked to integrate the ICE philosophy into the very core of our organisation. Since the inception of this ideology, our aim has been to lay the groundwork for what we see as fundamental for long-term success. We implemented various strategies, which included conducting innovation workshops, facilitating idea-generation sessions and forming cross-functional teams to identify and implement new ideas.

This year, we introduced **'AVINYA'**, a digital platform that standardised the entire process of Innovation from idea generation to implementation. Furthermore, we introduced 2-stage idea evaluation process along with making the platform more interactive with features like Votes, Likes, Comments, Summary and Dashboards. We extended our platform to invite external collaborators so that we all can collectively contribute towards the environment of creativity and problem solving.

The Neon Innovation fosters strong collaboration between academia and real-world challenges, encouraging critical thinking and collaboration among participating students through campus connect. This collaborative approach and strong teamwork among students not only improve the quality of ideas, but also foster a sense of empowerment and a spirit of collaboration among future leaders.

Organisation Philosophy – People

At KNPL, our core ethos revolves around nurturing and empowering employees. By investing in their well-being, engagement and capability development, we establish the groundwork for sustainable success. By addressing their needs and providing the necessary resources, we create an environment where employees thrive and contribute to our Company's success. This, in turn, leads to improved efficiency, teamwork and a sense of shared purpose, ultimately strengthening KNPL's overall performance.

28.8%

EBITDA increase over previous year

42%

PBT increase over previous year (Before exceptional items)

375%

Dividend recommend by the Board for FY 2023-24 (Includes a special dividend of 125%)

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> Our idea behind 'Life@Nerolac' was about creating a sense of community and belongingness amongst our employees. By providing a platform for collaboration, engagement and shared experiences, we were able to strengthen the bonds between our teams and create a more cohesive and engaged workforce.

In the reporting year, we undertook several initiatives to enhance the overall employee well-being and their engagement experience. With employees spread across multiple plants and offices, it can sometimes be challenging to stay connected. "Life@Nerolac" helped bridge this gap by providing a common platform for all our employees to interact, share updates and engage with each other.

One of the key aspects of 'Life@Nerolac' is celebrating the diverse cultural heritage and achievements and milestones of our employees. We organised festivals and events across all our facilities, allowing our teams to come together, share their traditions and bond over shared experiences. Additionally, we organised a series of sessions on wellness, learning and development ranging from health & well-being to work-life balance.

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Cultivating Capabilities through Strategic Programmes

Central to our ethos is the strong belief that nurturing and enhancing the capabilities and competencies of our workforce stand as a paramount priority. Our strategic focus on capability building is epitomised through our initiatives such as Abhyaas, Lead with Impact and the digital academy Percipio. These programmes serve as transformative platforms, equipping employees with the knowledge and skills essential for navigating the complexities of the future landscape.

The Accelerated Leadership Programme **'TAJ' (Tap-Abhyaas-Jap)** stands as a testament to KNPL's dedication to fostering leadership excellence. Developed in collaboration with world-class organisation, this programme is designed to identify and nurture high-potential individuals within the organisation. Through a blend of tailored trainings, exposure to diverse experiences and mentorship, TAJ aims to cultivate a robust leadership pipeline, ensuring that KNPL is equipped with visionary leaders capable of steering the organisation towards continued success.

These continuous efforts and dedication culminated in KNPL being recognised as a Great Place to Work, a reflection of our holistic approach towards employee empowerment, continuous learning and a culture that values innovation, inclusivity and excellence.

Performance Overview

The adept team at KNPL has successfully fulfilled its commitment to achieving a great performance.

For the year ended March 2024, the topline was up by 4.4% and EBITDA was up by 28.8%, PBT before exceptional items was up by 42%. Reflecting our strong financial position, the Board has recommended a dividend of 375%, including a special dividend of 125%.

The decorative segment witnessed a decent volume growth, while new business segments such as wood finish and construction chemicals showcased robust performance surpassing market trend. The project business also grew strongly with expansion in new towns. Our new initiatives of paint as a service, deeper connect with painters, architects and interior designers reached new scale and higher efficiencies in the reporting year.

The Industrial business witnessed good demand growth during the year which was led by automotive and performance coating businesses. In the automotive segment the growth drivers were 4-wheelers and Electric vehicles. The 2-wheeler demand picked up in the second half of the year. The performance coating business was driven by infrastructure growth leading to the development of roads, bridges and railways. The powder coating business saw a marginal growth but showcased a strong growth in the premium segment. In the Auto refinish business we saw good growth in premium products leading to higher saliency than the previous year.

KNPL implemented a series of measures aimed at enhancing profitability. These included judicious cost control efforts, collaborative initiatives with value chain partners and a sustained focus on increasing the saliency of premium products.

The Nerolac Story - Our Strength

With a rich legacy spanning more than 100 years, the Company boasts a diverse portfolio of products catering to a wide range of segments within decorative and industrial coatings. Through our painting solutions, we provide **'Beauty and Protection'** to everything that a household uses on a daily basis, be it paints for homes (Interior & exterior, wood finish, construction chemicals, Tile adhesives), Automobiles (4-wheeler, 2-wheeler/3-wheeler, EV, CV, Tractors), New segments (underbody coats, alloy wheels and seam sealers). Consumer durables (fans, microwaves, refrigerators, washing machine), personal use articles (hair clips, artificial jewellery) and transportation infrastructure (bridges, metro rail). This is why we say, **'There is**

a little bit of Nerolac in everybody's life'.

Strategy

Our Company's growth strategy focuses on building organisational capabilities and delivering sustainable value to stakeholders.

In the decorative business, one of the key elements of our strategy is Paint+, which revolves around creating unique products with differentiated features for the customers. During the year, we introduced 15+ new products alongside four differentiated products in the Paint+ category. Second element of our strategy was moving to services by offering Paint as a service through our NxtGen Services, thereby, leveraging the increasing orientation of our consumers towards services. During the year, we expanded our NxtGen Services to 250+ cities and increased our capability to deliver 5,000+ sites in a month by connecting directly with the consumers. This was achieved basis significant increase in spend on digital marketing for lead generation.

Third element of the strategy was focus on secondary sales through engagement with influencers. During the year, we enhanced our painter loyalty programmes and reached out to 5000+ architects and interior designers, thereby, expanding our secondary coverage.

We emphasised on premiumising our offerings and solidified our brand through omnichannel marketing campaigns to highlight Japanese technology and iconic Nerolac jingle. Notably, our 'Har Din Diwali campaign' bagged three media awards.

To enhance customer experience, we deployed value-added services and provided a unique retail experience with 80+ nationwide 'Nerolac Shoppe' and 80+ 'Shop-in-Shops'.

Our strategy for new businesses of Construction chemicals, Wood finish and Adhesives revolved around product range expansion, increased contractor involvement and wider distribution. These initiatives resulted in new business

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delivering high growth surpassing industry trends.

In the projects business, our strategy focused on geographic expansion and building a solid pipeline of project leads through market intelligence. We expanded to 75+ towns and created a healthy pipeline of project leads. We strengthened our contractor engagement and reach. In the reporting year, we undertook marquee projects like Ayodhya Dham, Wankhede Stadium, IIT Roorkee, Lucknow International Airport, Yamuna Expressway, India International Conventional Centre and many more.

Our distribution strategy has been to grow the network for enhanced market penetration and better serviceability. In the reporting year, the Company successfully expanded its network of dealers, distributors and increased market presence in Tier II, Tier III and rural markets.

Our industrial business strategy revolved around providing unique and sustainable solutions using high-end technology to meet the industry's stringent requirements.

In the automotive business, we strengthened our market position by introducing superior products that deliver unique benefits to customers. In the EV segment, we have a significant high market share supported by our strong product portfolio and a high service orientation. We

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have also expanded the marketable space through strengthening our presence in the new business segment such as seam sealers, underbody blacks, alloy wheels and zinc flake coatings seeing an increase in new business year on year.

In performance coating division, we maintained our strong position in the industry by increasingly focussing on premium segments, while, exiting low profitable segments. We undertook technical collaboration for high end technology with KPJ group of companies to secure new approvals from customers. Through these initiatives, we were able to maintain our profitability in the industrial segment.

In the auto refinish division our strategic focus was centred around integration of cutting-edge technologies, streamlining processes and elevating the overall quality of services provided. Furthermore, we focused on broadening the spectrum for ancillary products and expanding our network.

Technology

KNPL benefits with its strong inhouse R&D expertise and support from Kansai Paint Japan and its group companies giving us a competitive edge refined over our century-long history. By actively sharing this expertise with our parent company, we ensure that the latest technologies and best practices are consistently applied across all our operations. We recognise the importance of adapting to newer solutions to meet the unique demands of the industry ensuring optimal performance and customer satisfaction.

Vendor Management

At KNPL, we understand the essential role that collaboration with our suppliers plays. We actively engage our suppliers in discussions on value creation and sustainability.

In the reporting year, we hosted our Annual Supplier Conference, a purposeful event designed to strengthen connections, provide networking opportunities and promote our strategic theme of 'ICE - Innovation, Collaboration, Empowerment'. During the conference, we recognised several suppliers for their exceptional contributions to innovation and collaboration.

By working together on joint projects, we leverage the expertise and resources of our partners to implement impactful solutions that benefit both parties and contribute to a more sustainable future.

Creating Digital Assets

We made significant strides in the digital realm by launching multiple digital platforms, focused on both internal and external stakeholders. The digital ecosystem consists of applications for dealers, painters, architects and interior designers and front-line sales team. We used digital platform to connect directly with consumer and engage with them on painting services through our approved painting contractors. We have also developed a digital platform for e-commerce, wherein paint orders can be placed and it will be directly serviced by the Company. These set of applications are based on mobile platform and enhance transparency, operational efficiency and user experience.

We have also implemented the SAP-Ariba Procurement tool for managing indirect procurement. It offers benefits such as ease of use, quick decision-making and real-time operations.

Additionally, we have rolled out IoT-based real-time monitoring systems and introduced digitised solutions in two of our plants for specific manufacturing sections.

In the reporting year, we undertook upgrades to our Cybersecurity infrastructure and implemented measures ensuring greater strength and resilience of our IT systems.

Purpose-Led Inclusive Growth

Driven by purpose, KNPL aligns its growth strategies with environmental stewardship, social responsibility and robust governance practices. We have defined our key materiality as Decarbonisation, Resource use, Quality of life, Diversity and Governance. This approach is the guiding force in decision-making, influencing how the Company conducts its operations and engages with its stakeholders.

As a responsible organisation, we constantly work towards decarbonisation and have both committed to and validated our near-term emission reduction targets with the Science-Based Targets initiative (SBTi) to align with the 1.5°C trajectory. We became the 1st Indian paint company to do so.

Additionally, we continually strive for efficient resource use, not only within our operations but also for our customers. Our products are designed to reduce energy consumption and enhance productivity at the customer level, a principle we integrate right from the product design stage.

In the reporting year, KNPL became a water positive organisation and we aim to sustain this in the coming future.

We have also implemented numerous CSR initiatives aimed at enhancing skills, ensuring environmental sustainability,

> In the reporting year KNPL became a water positive organisation and we aim to sustain this in the coming future.

promoting education, fostering community development and providing preventive healthcare and sanitation. These sustained efforts have touched over 46,000 lives. With more than 28% of KNPL's employees volunteering for social activities, we are committed to fostering sustainable growth, uplifting the underprivileged and empowering individuals to make meaningful contributions to their communities.

We strive for excellence in governance and go beyond compliance. We

> As a recognition to our efforts in managing Environment, Social and Governance initiatives, we were awarded Bronze Medal by Ecovadis, bolstering our commitment to sustainability.

conduct several trainings for our employees on building awareness on Risk Management, Human Rights, BRSR Principles, Organisation policies and codes of conduct. We adhere to and set benchmarks for best practices in Corporate Governance. To stay proactive about forthcoming legislation, we regularly monitor new notifications and perform due diligence.

As a recognition to our efforts in managing Environment, Social and Governance initiatives we were awarded Bronze Medal by Ecovadis, bolstering our commitment to sustainability.

Subsidiaries

In the fiscal year 2023-24, topline of all our subsidiaries except Sri Lanka, degrew. As far as international subsidiaries are concerned, the economic conditions in their respective countries were under lot of stress mainly due to liquidity and foreign exchange crises and restrictions on imports.

Profitability of these subsidiaries was severely affected during the year.

Building Future Capabilities for a Better Tomorrow

Our commitment to meeting future demand and faster service is evident in our continuous investments in manufacturing set up and our supply chain network. We consistently work to shorten our replenishment times by positioning ourselves closer to the market for better serviceability. Our network of depots has expanded from 103 to 112, enabling quicker service. In certain markets, we have strategically deployed resources to swiftly handle urgent and smaller orders.

We have also completed capacity enhancements at our Hosur plant and boosted our resin and emulsion capacities at Jainpur to achieve full integration.

To meet the future demand, we have planned for capacity expansion through investments in Greenfield facility in Visakhapatnam and Brownfield expansion in existing plants in coming years.

Creating a safe work environment and building a safety culture is of paramount importance. We continue to conduct BBS (Behaviour-Based Safety) observations across all our facilities and regularly hold BBS training programmes for employees. These efforts enable us to address behavioural aspects, enhance safety consciousness and nurture a culture of responsible conduct among our workforces.

> "Our strategic focus is on creating long-term value for all stakeholders while fostering a culture of Innovation, Collaboration and Empowerment within our organisation."

Outlook and Way forward

The Indian paint industry is characterised by its dynamic nature, offering a diverse array of applications and products to cater to evolving consumer needs. With the Government's emphasis on infrastructure development, affordable housing initiatives and the creation of smart cities, the demand for paints in India is expected to witness significant growth. The industry holds substantial potential for growth in both the short and long term, with the entry of new players projected to expand the market and drive innovation further. As consumer behaviour shifts towards a preference for sustainable products and increased engagement with digital and social media platforms, there is a growing trend towards sustainability and innovation in product offerings. This evolving landscape presents new opportunities for product development and sustainability initiatives. Our strategic focus is on creating long-term value for all stakeholders while fostering a culture of Innovation, Collaboration and Empowerment within our organisation.

Anuj Jain
Managing Director

KEY HIGHLIGHTS

ESG

- Became the first Indian paint company to receive approval on the Near-Term Emission Reduction Targets from SBTi in line with 1.5° C trajectory
- Awarded Bronze Medal in the EcoVadis Assessment 2024
- Ranked in the Top 10% in chemicals category in the S&P Global Corporate Sustainability Assessment (CSA) 2023
- Ranked in the Top Quartile of the FTSE4Good December 2023 Review
- KNPL became Water Positive

Consumer Services

- The service capability has been developed to deliver 5000+ sites in a month
- Nerolac's NxtGen Shoppe expanded to more than 80+ stores at country level

Influencer Initiatives

- Use of AI to enhance painter loyalty and engagement
- Connected with 5000+ architects in 'Illuminati' programme

Brand Building

- Increased digital marketing spend substantially, resulting in increased website traffic and lead generation
- Bagged three notable media awards for the 'Har Din Diwali campaign': A Gold award from e4m Maddies, a Gold Award from Mobexx and a Silver award from MMA Smarties

Projects

- Expanded geographical reach to 75+ towns
- Built a healthy pipeline of projects leads

Foray into New Segments

- Expanded presence by entering new segments like admixtures in construction chemicals and membranes in waterproofing

Innovation, Collaboration and Empowerment

- Launched an innovation platform called 'Avinya', wherein employees from all the functions collaborated with 1,000+ innovative ideas based on multiple themes

Capability Building

- Launched 'Abhyas', an audio-visual based self-learning tool for employees and new joiners

Recognition

- Certified as Great Place to Work

PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Revenue from Operations (₹ in Crores)

FY 2023-24	7393.30
FY 2022-23	7081.02

4.4 Change In %

EBITDA (%)

FY 2023-24	13.8%
FY 2022-23	11.2%

260 Change In Base Points

PAT (₹ in Crores)

FY 2023-24	1182.87
FY 2022-23	486.43

143.2 Change In %

NON-FINANCIAL HIGHLIGHTS

Capacity (Million Litres)

FY 2023-24	610.6
FY 2022-23	606.0

0.76 Change In %

R&D Expenses (₹ in Crores)

FY 2023-24	42.53
FY 2022-23	40.39

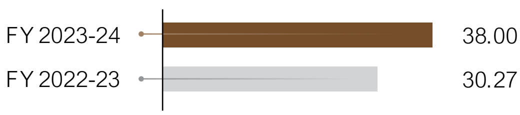
5.3 Change In %

CSR Spend (₹ in Crores)

FY 2023-24	12.48
FY 2022-23	12.70

1.7 Change In %

Electricity Consumption through Renewable Sources
(Manufacturing Facilities) (%)

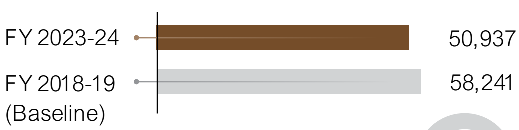


773 Change In Base Points

Energy Consumption through Renewable Sources (Organisation Wide - Manufacturing Facilities, R&D, Depots, Offices)
(%)

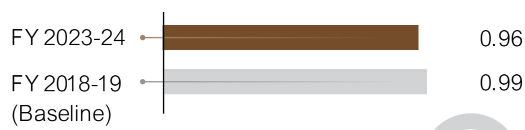
76 Change In Base Points

Total Emissions (Scope 1 + Scope 2)
(KNPL and its Subsidiaries) ($MTCO_2e$)



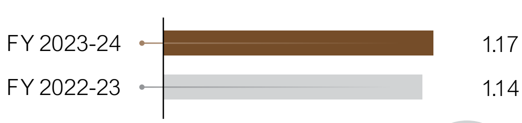
12.5 Change In %

Scope 3 Emission Intensity
(Categories under SBTi target boundary)
(KNPL and its Subsidiaries) ($MTCO_2e$/KL of FG)



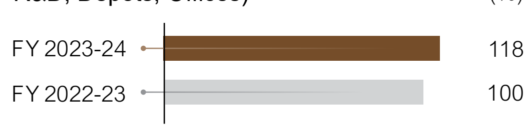
3 Change In %

Specific Water Consumption
(Manufacturing Facilities) (KL/KL of FG)



2.6 Change In %

Water Replenishment
(Organisation Wide - Manufacturing Facilities, R&D, Depots, Offices) (%)



18 Change in % (Water Positive)

CORPORATE PROFILE

A subsidiary of Kansai Paint Co., Ltd., Japan, Kansai Nerolac Paints Limited (KNPL) is one of India's leading players in the paint industry, catering to the evolving need for newer Coating solutions of customers. As a future-focused Company rooted in innovation, KNPL bespeaks quality and manufacturing excellence, making it a preferred choice for a growing and ever-evolving customer base.

Our Vision:

We design Solutions that Protect, Inspire and Touch Lives everyday.

Our Mission:

We leverage superior technology to contribute to our customers and society in a sustainable manner, with innovative Products and Services, through a competent workforce built on a culture of Customer Focus, Integrity and Respect for our stakeholders.

Our Brand Promise:

Renew Life

Our Purpose:

Create Environment for a Healthy and Beautiful future.

Our Brand Expression:

PAINT+

ORGANISATIONAL VALUES

Core Values

icare!

Integrity

We build strong trust with all stakeholders, by doing the right thing and by taking decisions that enhance the reputation of the organisation in society.

Customer Focus

We continuously strive to understand and exceed Customer expectations.

Accountability

We encourage organisation members to take responsibility for their own actions and decisions, show commitment to all stakeholders and accomplish work in an appropriate and efficient manner.

Respect

We respect diversity and embrace cultural and individual characteristics of organisation members, customers and communities by showing empathy and understanding the viewpoints of distinct beliefs, philosophies and cultures. We encourage and foster an environment of learning, teamwork and cooperation that enables the development of all organisation members.

Entrepreneurial Mindset

We facilitate the emergence of entrepreneurial ideas that have a long-term perspective, originality in thinking and practicality of execution, taking responsibility to see these ideas through, with ownership at all times. We shall continue contributing to People and Society by providing sustainable value to all stakeholders.

Innovation

We pioneer Innovation by engaging our collective wisdom and knowledge to create new value propositions and continuously strive to generate original and novel solutions for products, services and work processes. We experiment in different and ground-breaking ways to deal with value-creation opportunities and challenges, through a deep understanding of the issue at hand.

OUR PRODUCT PORTFOLIO

DECORATIVE (NEW LAUNCHES)

Excel Total PU Floor Coat

Nerolac Impressions Kashmir Hi-Sheen

Nerolac Impressions Kashmir Matt

Beauty Little Master Sheen

Soldier Super Sheen Interior Emulsion

Nerolac Perma Crystal Seal

Nerolac Perma Crystalline

Nerolac Perma Neroshield HDPE

Nerolac Perma Nerotorch

Candis : Italian Textures

Positano

Bluhm

Arabesque

Nylum

Tracce

1K Melamine Matt

1K Melamine Glossy

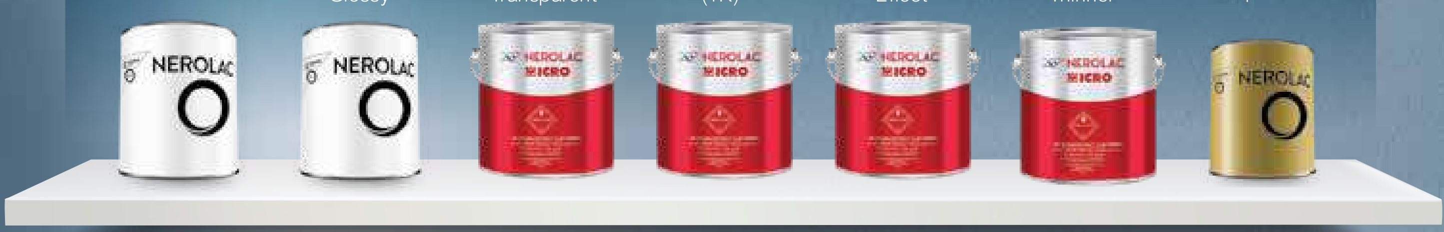
Marble Filamento Transparent

Liquid Aluminium (1K)

ICE Effect

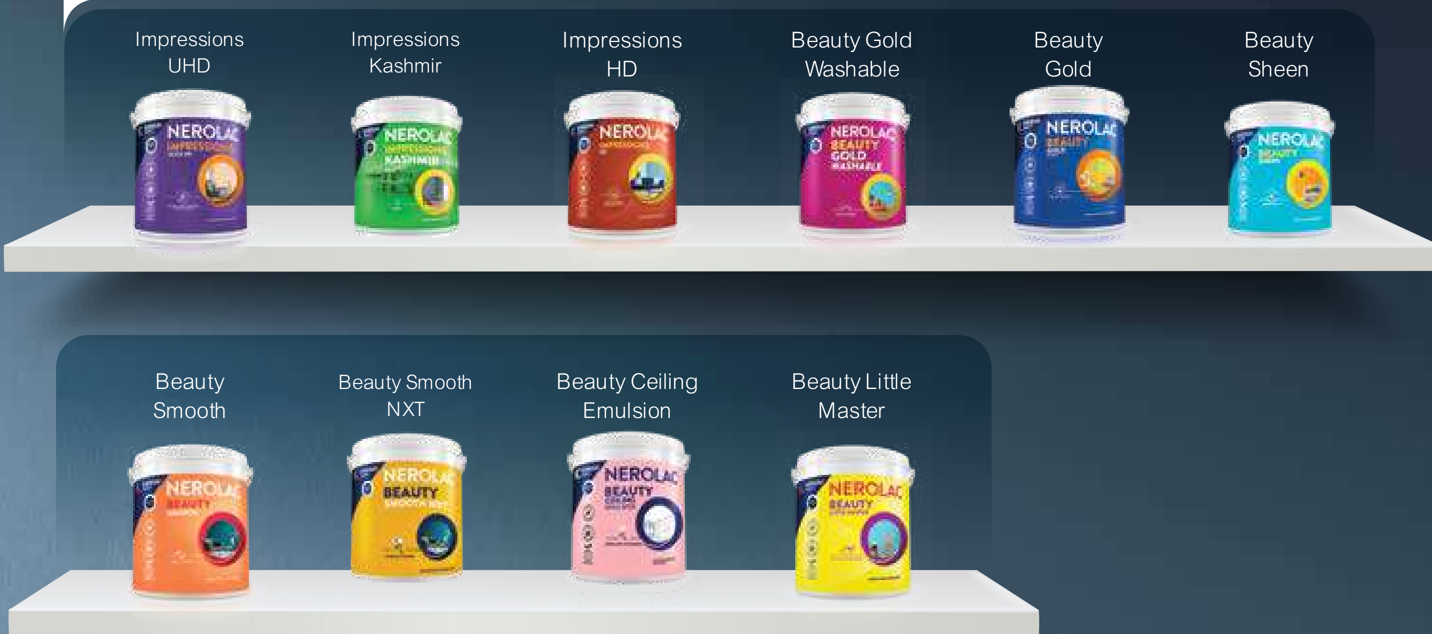
ICRO PU Slow Thinner

RTU Acrylic Lacquer Matt



DECORATIVE PORTFOLIO

Interior Range



Exterior Range

Wood Finish

Italian 2K PU

Gloria 2K PU

ICRO Range

TermiProtect

Wonderwood 111 Thinner

Enamel

Nerolac PU Enamel 10 in 1

Satin

Synthetic

Primers

1K Epoxy Primer

Nerolac Zinc Yellow Primer

Excel Alkali Primer

Exterior Primer

Premium Primer NXT

Premium Primer WB

Popular Primer WB

Economy Exterior Primer

Economy Interior Primer

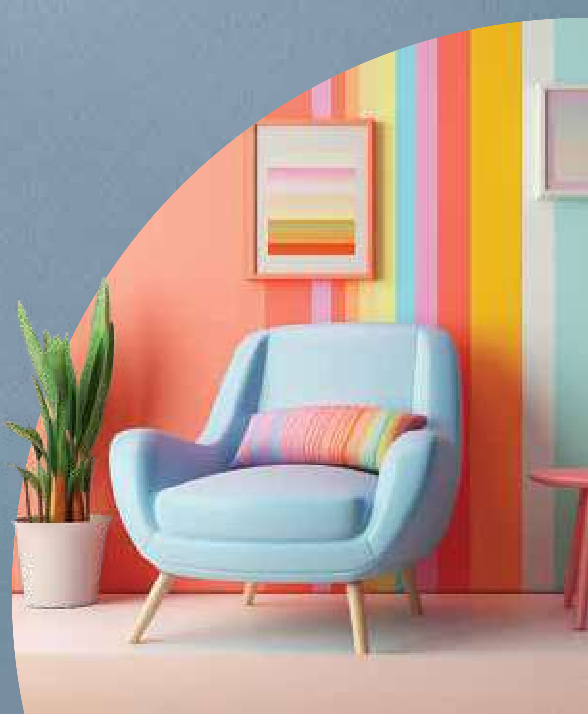
Ready Mix

Designer Range

Metallics

Glitter

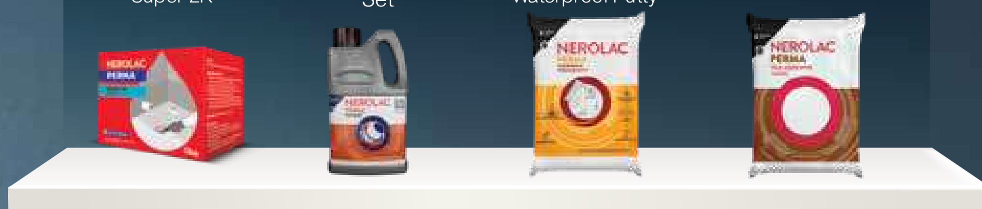
Ideaz



Waterproofing

Perma Damp Lock | Perma NoDamp+ | Nerolac Perma NoDamp | Nerolac Perma Damp Protect Interior | Nerolac Perma Damp Protect Exterior

Nerolac Perma Super 2K | Perma Rapid Set | Nerolac Perma Waterproof Putty | Tile Adhesive



Adhesives

Nerofix Gold | Nerolac Aqua Smart | Nerofix | Nerofix Smart | Nerofix Super

Solider

Soldier Interior Emulsion | Soldier Popular Exterior Emulsion | Soldier Popular Interior Emulsion

OUR PRODUCT PORTFOLIO

INDUSTRIAL (NEW LAUNCHES)

Automotive

4-Wheelers

Launched Tin-free CED suitable for nano pretreatment (LB-1033), which is high solids, devoid of heavy metals and Hazardous Air Pollutants (HAPs) and has low VOC emissions. This reduces dry film thickness, resource consumption and energy usage during baking.

Introduced 2Coat -1Bake Solitaire white in place of 2Coat –2Bake, ASE white, which will save baking energy & has better UV resistance.

Launched high-performance acid-etch clear for alloy wheels, designed to enhance exterior durability.

2-Wheelers

Introduced common conductive primer for all kinds of plastic parts (ABS, PP, nylon and its various grades).

Launched Heavy metal-free primer for the petrol tank of a motorcycle.

Introduced high-bonding base coat black, ideal for powder coating primers, offering enhanced corrosion performance and aesthetics.

Commercial Vehicles

Launched L-82 anticorrosive primer for improved durability and topcoat workability.

Introduced high-performance 1K-structure anticorrosive primer for bus body painting.

Introduced the low-bake 2K PU 3C1B system for sheet metal. This will replace the existing 2C - 1B TSA system, reducing the baking temperature from 140°C to 80°C.

Performance Coating

General Industrial (GI)

Introduced fast drying primer designed for wet-on-wet application, ideal for 3C-1B/3C-2B system.

Launched 1K glass coat clear lacquer for perfume glass bottles.

Introduced TSA antiviral, antibacterial antigraffity lacquer for electrical appliances.

High Performance Coating (HPC)

Launched a high-performance coating system for semi-high-speed railway coaches with high aesthetics and high durability.

Introduced ‘Neropoxy’, a solvent-free glass flake exterior coating for pipelines in refineries.

Launched fluoropolymer-based CELATECT topcoat and epoxy high build primer for the painting of the rail wheels.

Powder Coating

Approved by WRAS (Water Regulations Approval Scheme Ltd. UK) for use in both hot and cold water, Fusion Bonded Epoxy Powder which has met BS6920-1:2000 requirements for water intended for human consumption.

Launched exotica clear powder with unique glitter & sparkle, suitable for application over any base coat for the OEMs/fan market segments.

Auto-Refinish

Launched the next generation water-borne paint system: RETAN WB EV

INDUSTRIAL PORTFOLIO

Automotive

Applications in Industries

Passenger vehicles, commercial vehicles, tractors, 2-wheelers, 3-wheelers, wheels and auto ancillaries.

Key Products

- Cathodic Electro Deposition (CED) and Acrylic Cathodic Electro Deposition (ACED) Primers
- 3 Coat - 1 Bake System
- Medium Solid and Thermo Setting Acrylic (TSA)
- Polyester Amino
- Monocoat Metallics
- High Mar Resistant Clear Coats
- Super Durable Monocoats
- Heat Resistant Paints
- Auto Interior Coatings
- Polyurethane (PU) Coatings for Metal and Plastics

Powder Coatings

Applications in Industries

Refrigerators, washing machines, air conditioner, light fixtures, electrical, auto components, pipes, rebar steel and architectural.

Key Products

- Epoxy Polyester Powder, Epoxy Powder and Pure Polyester Polyurethane
- Heat Resistance Powder
- Rebar Coatings and Pipe Coating Powders
- Super Durable Powders and Bonded Metallic Powders
- High Performance Anti-Corrosion Powder System

Performance Coatings Liquid (General Industrial + High Performance Coating)

Applications in Industries

Petroleum, metal industries, chemicals and fertilisers, infrastructure, cement industry, railways, pipes pre-coated steel, bridges, drums and barrels, cylinders, electricals, helmets, pre-engineered buildings and construction equipment.

Key Products

- Polyurethane (PU) Primer and Top Coats
- Chlorinated Rubber Coatings
- Epoxy Coating
- Alkyd Primer & Topcoat
- Zinc Rich Coatings
- Heat Resistant Coatings
- Floor Coatings
- Pipe Coatings
- Coil Coatings
- Polysiloxane
- Fluoropolymer Coatings
- IPNet Coatings
- DTM Coatings
- Monocoat Metallic Coatings

Auto Refinish

Applications in Industries

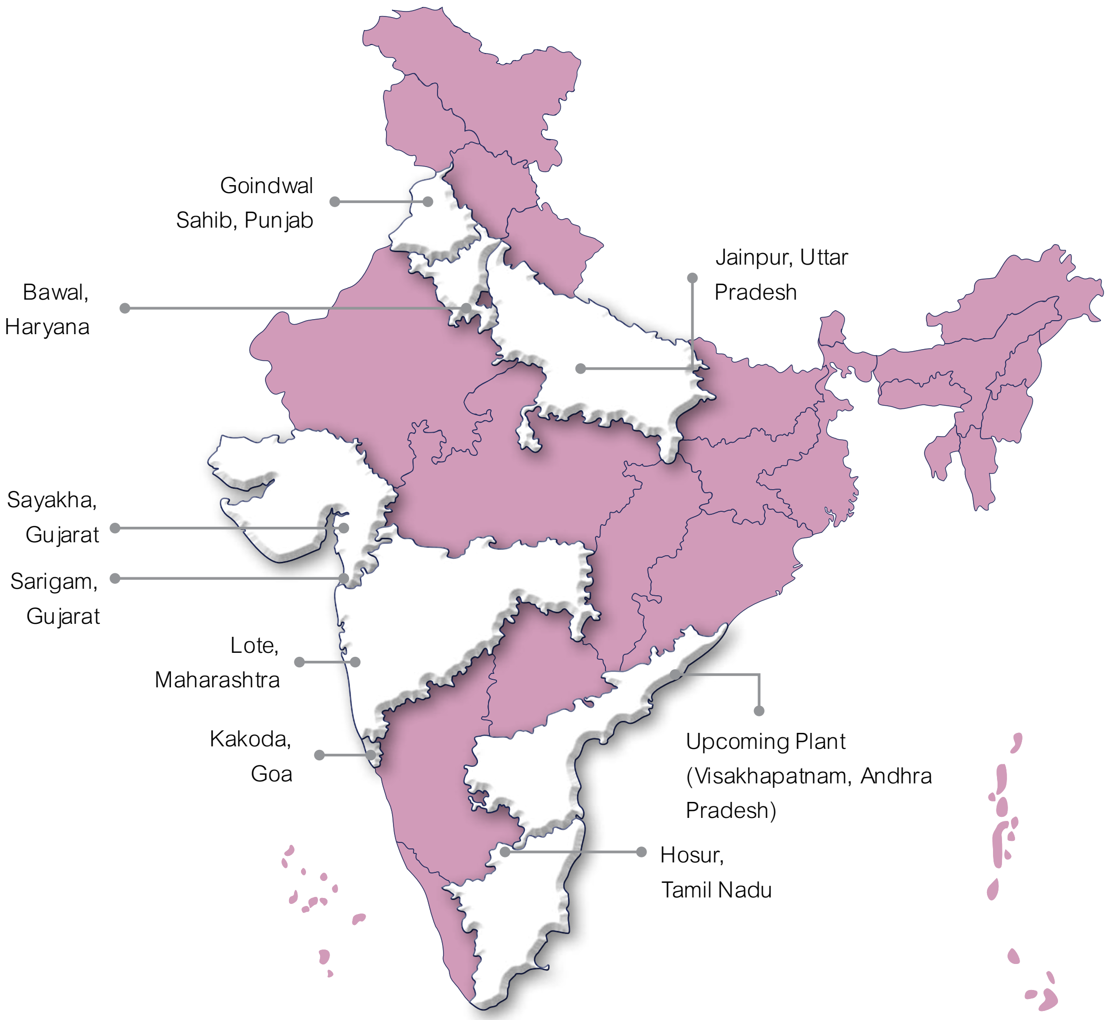
After market repainting and touch-up for passenger vehicles, commercial vehicles, 2-wheelers, 3-wheelers, bus body, auto parts and furniture.

Key Products

- Polyurethane Paints - Retan PG Eco, Cardea, Nerokan, Acric EZ and Perfect Match
- Nitrocellulose (NC) and NC Acrylic - NAP
- Modified Hybrid Alkyd-Based - Nova Plus
- Putty - NC, Polyester and Body Fillers

OUR OPERATIONAL FOOTPRINT

At KNPL, we have a widespread operational presence across the country, with manufacturing units strategically located to serve our OEM clients and customers. This strategic positioning provides us with a competitive advantage and strengthens our market position.



HO

Mumbai

7

Regional Distribution Centre (RDCs)

8

Plants

112

Depots (Pan-India)

6

1 Main Centralised R&D at Navi Mumbai

5 Satellite R&D (2 at Lote, 1 at Hosur, 1 at Bawal, 1 at Sayakha)

1

Upcoming Plant (Visakhapatnam, Andhra Pradesh)

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.

MARQUEE PROJECTS

Bharat Sevashram (Varanasi, UP)

Wankhede Stadium (Mumbai, MH)

Lucknow Airport (Lucknow, UP)

Atal Bihari Vajpayee Cricket Stadium (Lucknow, UP)

Ayodhya Dham (Ayodhya, UP)

Delhi Railway Station (DL)

OUR STRATEGY AND FUTURE ORIENTATION

DECORATIVE BUSINESS

PAINT+, NEW PRODUCTS AND PREMIUMISATION

- Launch differentiated unique products under Paint+
- Facilitate growth in the premium segment, while sustaining and growing in the economy and popular segments

INFLUENCER STRATEGY: PAINTERS, ARCHITECTS AND INTERIOR DESIGNERS

- Enhance NxtGen painting services
- Expand reach, nurture deeper connections and offer loyalty programmes for painters
- Engage with architects and interior designers

NEW BUSINESS (CONSTRUCTION CHEMICALS, WOOD FINISH AND ADHESIVES)

- Offer a comprehensive product range
- Improve distribution network
- Increase contractor participation

PROJECT BUSINESS

- Expand geographical reach
- Develop a pipeline of project sites
- Increase contractor reach
- Separate range of products

BRANDING & DIGITAL SPENDING

- Develop Paint+ equity through differentiated product campaigns
- Increase digital spend
- Promote Japanese connect & Nerolac jingle

RETAIL EXPERIENCE

- Provide superior retail experience
- Expand the NxtGen Shoppe network
- Increase shop-in-shop network

INDUSTRIAL BUSINESS

- Provide unique and sustainable solutions as per customer needs using high-end technology
- Promote premiumisation
- Strengthen presence in new product segments
- Obtain new approvals
- Expand network

BUILDING ORGANISATIONAL CAPABILITY

- Enhance digital thrust
- Foster a people-centric approach focus on employee well-being and capability building
- Nurture a culture of innovation, collaboration and empowerment
- Deliver quality products and solutions based on state-of-the-art R&D and manufacturing capability

SUSTAINABILITY

- Promote sustainability – Prioritised decarbonisation and efficient resource use, improving quality of life and fostering diversity
- Ensure data privacy and cybersecurity
- Adhere to best practices of Governance, Compliance and Risk Management

OUR VALUE CREATION MODEL

Input

Financial Capital

- **NIL** Total Borrowings
- **₹80.84 Crores** Total Equity
- **₹5,572.28 Crores** Retained Earnings
- **₹237.24 Crores** Capital Expenditure

Manufactured Capital

- **8** Plants
- **₹1,866.62 Crores** Property, Plant and Equipment
- **₹4,769.73 Crores** Material Cost

Intellectual Capital

- **₹42.53 Crores** Spent on R&D (including Capex)
- **132** Innovation and Technical Sessions held in Different Forums
- **₹27.17 Crores** Royalty

Natural Capital

- **5,41,732 GJ** Total Energy Consumption - (Organisation Wide - Manufacturing Facilities, R&D, Depots, Offices)
- **2,67,456 GJ** Renewable Energy
- **1.17 KL/KL of FG** Specific Water Consumption (Manufacturing Facilities)
- **15,521 KL** Rainwater Used in Process
- **33%** Green Belt

Human Capital

- **3,784** Permanent Employees
- **54,300** Man-hours of Safety Training Conducted

Social and Relationship Capital

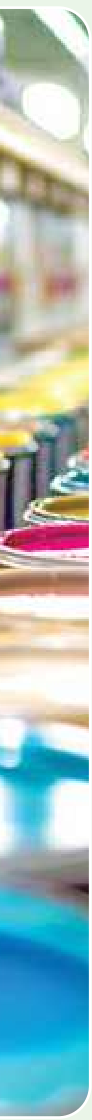
- **500+** Raw Material Supplier Base
- **15+** Total Suppliers Audited
- **₹12.48 Crores** CSR Spend

Value Creation Process

Our Manufacturing Process

- Premixing
- Grinding
- Thinning
- Tinting
- Filling

Output and Outcomes



Key Enablers

- ICE Culture
- Effective Risk Management
- Technology Robustness
- Customer Services and Experience
- Commitment to ESG
- Governance Beyond Compliance
- Digitalisation

Creating Lasting Value for All Stakeholders

- Business Partners
- Shareholders & Investors
- Employees
- Customers
- Suppliers
- Community
- Influencers
- Government and Regulatory Body

Financial Capital

₹21,200 Crores	Market Capitalisation (As of 31st March, 2024)
₹7393.30 Crores	Revenue from Operations
₹1,022.88 Crores	EBITDA
₹1,182.87 Crores	PAT
₹895.09 Crores	Operating Cash Flow
₹662.52 Crores	Free Cash Flow
₹145.51 Crores	Dividend paid during FY 2023-24

Manufactured Capital

4.6 Million Litres	Increase in Plant Capacity

Intellectual Capital

2	Patents Filed
15+	New Products Launched

Natural Capital

50,937	GHG Emissions (MT of CO_2 Eq.)-(Scope 1 + Scope 2) (including Bioenergy)
0.25%	Hazardous Waste generated (% of Finished Goods)
23%	Recycled/Reused Water
12,068 MT	EPR - PWM (Plastic Waste Management)
	Zero Liquid Discharge at Major Facilities

Human Capital

₹1.95 Crores	Revenue per Permanent Employee
76%	*GPTW Trust Index (* Once in 2 Years)

Social and Relationship Capital

12	New Raw Material Manufacturers Added
72%	Of Local Sourcing
46,000+	Lives Touched through CSR Initiatives
₹371.72 Crores	Income Tax Paid

STAYING ENGAGED WITH OUR STAKEHOLDERS

Delivering Long-Term Sustainable Success

At KNPL, we regularly engage with our stakeholders, focussing on economic, environmental, social and governance aspects. These consultations are crucial for identifying and addressing issues that significantly impact our Company's long-term value creation. By engaging stakeholders proactively, we ensure that their inputs contribute to our decision-making processes, enabling us to deliver impactful and sustainable outcomes. KNPL has a structured framework for engaging with stakeholders. This ensures timely information exchange and interaction to promote transparent communication, fostering strong relationships with our diverse stakeholders. At KNPL, we actively collect feedback from stakeholders. This feedback is used to enhance our positive impact on their interests and to prioritise engagement with vulnerable and marginalised stakeholder groups, ensuring their development and fostering strong relationships.

Internal Stakeholder External Stakeholder

Stakeholder Group	Stakeholder Category	Whether Identified as Vulnerable & Marginalised Group	Stakeholder Importance	Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Business Partner		No	KNPL's parent company, 'Kansai Paint Co., Ltd., Japan' provides us with technological expertise and supports product development for our business.	Emails	Continuous/ Ongoing	Strategy, Business Plans, Performance Status and Key Initiatives
				Board Meetings	Quarterly	
				Audits	Continuous/ Ongoing	Internal Control Systems
				Conferences Knowledge Sharing Conclaves Meetings	Need Basis	Market Strategy, Knowledge and Best Practices Sharing and Benchmarking R&D and Manufacturing Assistance
Shareholders & Investors		No	They provide financial capital for business growth and aid in enhancing the business image.	Investor/Analyst Meets	Quarterly	Quarterly and Annual Results, Key Developments & Initiatives and Q&A
				Annual Report	Annual	Corporate Information and Happenings
				Annual General Meeting	Annual	
				Media Updates and Press Releases	Quarterly/Need Basis	
				Website	Continuous/ Ongoing	
Employees		No	KNPL's continued success is guided by employee skills, knowledge, experience and commitment.	Emails	Continuous/ Ongoing	Human Capital Development
				HRMS Portal	Continuous/ Ongoing	
				Training Programmes	Continuous/ Ongoing	
				HR Connect Sessions	Continuous/ Ongoing	Employee Well-Being
				Review Meetings	Continuous/ Ongoing	Goal and Performance Update
				Appraisals	Annual	
				Newsletter	Monthly	Company Happenings
				Town Halls	Continuous/ Ongoing	Improving Productivity & Morale
				Employee Engagement Surveys	Annual	
				Annual Conference	Annual	

Internal Stakeholder External Stakeholder

Stakeholder Group	Stakeholder Category	Whether Identified as Vulnerable & Marginalised Group	Stakeholder Importance	Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Customers	External	No	KNPL's success and sustained business growth are hinge on meeting customer expectations within the prevailing business environment.	Emails	Continuous/ Ongoing	New Innovations Sustainability
				Meetings	Continuous/ Ongoing	
				Customer Satisfaction Survey	Annual	Complaint Management & Grievance Redressal
				Social Media Platforms	Continuous/ Ongoing	Company and Product and Service Information/ Advertisements and Awareness Campaigns
				Website	Continuous/ Ongoing	Corporate Information, Product & Services Information, Technical and Safety Literature
				Digital Apps	Continuous/ Ongoing	Customer Interaction
Suppliers	External	No	They play a crucial role in KNPL's value chain, enabling us to scale operational efficiency and exceed customer demands.	Emails	Continuous/ Ongoing	Procurement-Related Transactions and Discussions; Material Roadmap; Quality Roadmap
				Meetings	Continuous/ Ongoing	
				Supplier Portal	Continuous/ Ongoing	Transaction Interface on Various Supplier-Related Information
				Supplier Audits	Continuous/ Ongoing	Supplier Qualification
				Vendor Development Programmes	Continuous/ Ongoing	Quality Enhancement, ESG, Localisation, Capability and Competency Enhancement
				Vendor Performance/ Rating	Continuous/ Ongoing	Supplier Performance Management
				Vendor Conference	Continuous/ Ongoing	Vendor Interaction with Management

Internal Stakeholder   External Stakeholder

Stakeholder Group	Stakeholder Category	Whether Identified as Vulnerable & Marginalised Group	Stakeholder Importance	Channels of Communication	Frequency of Engagement	Purpose and Scope of Engagement, including Key Topics and Concerns Raised during Such Engagement
Community	External	Yes	Communities grant KNPL a social licence to operate and it is our Company's responsibility to uplift and foster strong relationships with them.	Community Welfare Programmes	Continuous/ Ongoing	CSR
				Community Visits/ Meeting	Continuous/ Ongoing	Grievances Redressal
				Local Authority and Town Council Meetings	Continuous/ Ongoing	Community Interaction
Influencer	External	No	Influential individuals or entities, such as painters, interior designers, architects, contractors and carpenters, bring along considerable reach and influence, shaping consumer preferences and purchasing decisions.	Meetings	Continuous/ Ongoing	Product Offerings
				Industry Events and Conferences	Continuous/ Ongoing	Engagement and Knowledge Sharing
				Training Programmes	Continuous/ Ongoing	Skill Upgradation
				Digital Apps	Continuous/ Ongoing	Transaction Interface on Various Business-Related Information
Government & Regulatory Bodies	External	No	Ensuring that KNPL's business operations comply with laws and regulations.	Disclosures on Stock Exchanges	Continuous/ Ongoing	Compliance with Applicable Laws
				Regulatory Filings	Continuous/ Ongoing	
				Regulatory Publications	Continuous/ Ongoing	
				Annual Report	Annual	
				Government Websites	Continuous/ Ongoing	

MATERIALITY ASSESSMENT

Materiality plays a crucial role in identifying key topics that have a significant influence on both KNPL's business performance and stakeholder interests. By analysing these material topics, our Company defines our strategic goals and ambitions, instituting an effective sustainability framework. Additionally, our materiality processes are aligned with the guidance provided by the Global Reporting Initiative (GRI) Standards.

MATERIALITY DETERMINATION PROCESS

1 Identification & Assessment of Material Topics

2 Prioritisation of Material Topics

3 Set Strategic Goals and Targets

4 Develop Action Plan

5 Review of Performance

We analyse sectors, study industry peers, refer to sustainability standards and frameworks and draw on past experiences to compile a comprehensive list of material topics. These topics are then prioritised through engagements with key internal and external stakeholders and senior management interactions. Following this, we establish an appropriate action plan and map out strategic goals and targets. Furthermore, performance against these targets is monitored and the action plan is reviewed as necessary.

MATERIALITY

We have categorised our material topics into five broad areas: Decarbonisation, Resource Use, Quality of Life, Diversity and Governance.

Decarbonisation

- Energy Management
- Emission Management
- Climate Change

Resource Use

- Water Management
- Waste Management
- Product Stewardship
- Responsible Product
- Sustainable Supply Chain

Quality of Life

- Human Rights
- Occupational Health and Safety
- Employee Engagement and Well-Being
- Community Development
- Customer Satisfaction

Diversity

- Diversity (Age, Gender, Regional)
- Inclusivity

Governance

- Corporate Governance
- Risk Management
- Innovation/IP Management
- Compliances

MATERIALITY	MATERIAL TOPIC	GRI TOPIC	BOUNDARY	CAPITALS IMPACTED
Decarbonisation	Energy Management	GRI 302: Energy	Internal, External	Natural Capital
	Emissions Management	GRI 305: Emissions	Internal, External	Natural Capital
	Climate Change	Non-GRI	Internal, External	Natural Capital
Resource Use	Water Management	GRI 303: Water and Effluents	Internal, External	Natural Capital
	Waste Management	GRI 306: Waste	Internal, External	Natural Capital
	Product Stewardship	GRI 416: Customer Health and Safety	Internal, External	Intellectual Capital, Manufactured Capital, Social and Relationship Capital
	Responsible Product	Non-GRI	Internal, External	Intellectual Capital, Manufactured Capital, Social and Relationship Capital
	Sustainable Supply Chain	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Internal, External	Social and Relationship Capital, Natural Capital
Diversity	Diversity (Age, Gender, Regional)	GRI 405: Diversity and Equal Opportunity	Internal	Human Capital
	Inclusivity	GRI 406: Non-Discrimination	Internal	Human Capital

Internal	Financial Capital	Intellectual Capital	Manufactured Capital
External	Natural Capital	Human Capital	Social and Relationship Capital

MATERIALITY	MATERIAL TOPIC	GRI TOPIC	BOUNDARY	CAPITALS IMPACTED
Quality of Life	**Human Rights**	GRI 412: Human Rights	○ ▷	
	Occupation Health and Safety	GRI 403: Occupational Health and Safety	○	
	Employee Engagement and Well-Being	GRI 401: Employment GRI 404: Training and Education	○	
	Community Development	GRI 413: Communities	▷	
	Customer Satisfaction	Non-GRI	▷	
Governance	**Corporate Governance**	GRI 102: General Disclosures	○	
	Risk Management	GRI 102: General Disclosures	○	
	Compliances	GRI 307: Environmental Compliance GRI 419: Socio-Economic Compliance	○ ▷	
	Innovation/IP Management	Non-GRI	○ ▷	

○ Internal	Financial Capital	Intellectual Capital	Manufactured Capital
▷ External	Natural Capital	Human Capital	Social and Relationship Capital

OPPORTUNITIES & THREATS

OPPORTUNITIES

Consumer Trends

- Rising preference for services
- Growing choice for the premium segment
- Increasing awareness of functionality and sustainability
- Rising focus on aesthetics

Policy Support

- Government's thrust on infrastructure and rural
- Development of smart cities and housing for all
- Thrust on green energy

Digital

- Digital presence and branding through social media
- Digitisation of operations
- Stakeholder engagement

Per Capita Consumption

- Per capita paint consumption in India remains lower compared to developed countries

New Market Segments

- Expanding presence in premium wood finish, construction chemicals

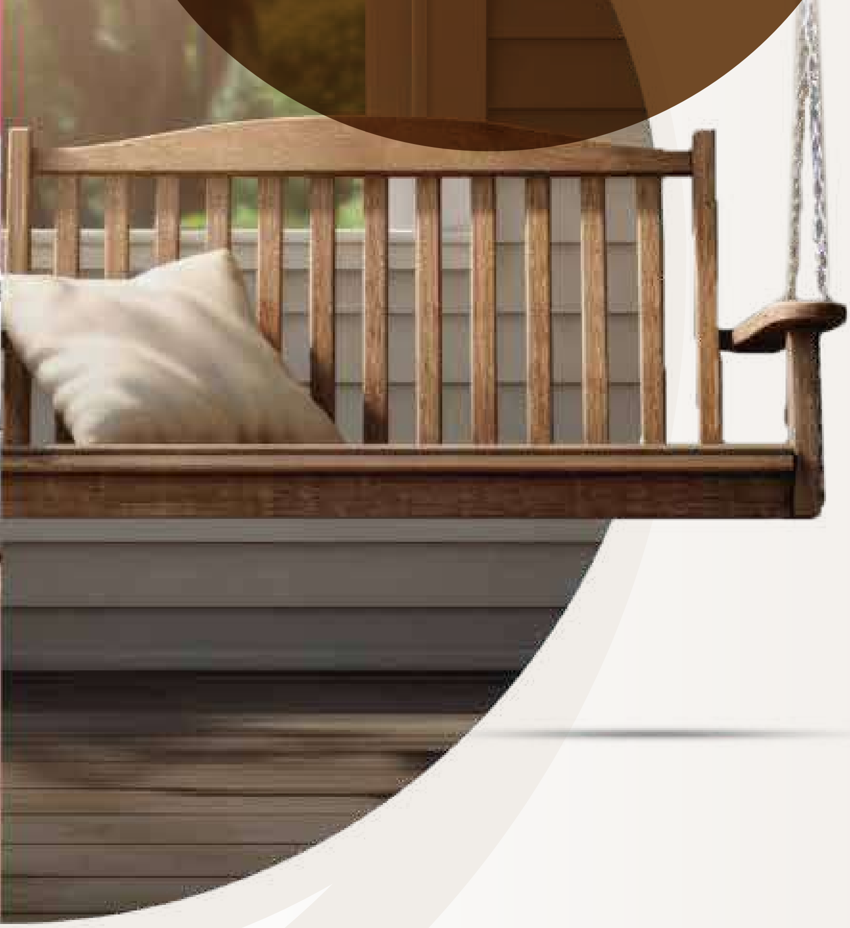
Specialty Niches

- Niche products in the form of specialty coatings represent an opportunity for our Company to leverage our technical strength

Environment, Social and Governance

- Transitioning to a low-carbon economy
- Embracing inclusivity and diversity
- Adhering to new regulations

At KNPL, we view opportunities as situations with uncertain outcomes that require resources. In the paint industry, various threats arise, many of which are volatile and unpredictable, necessitating agile decision-making and effective strategies to mitigate exposure and seize opportunities.



THREATS

Climate Change

- Global warming
- Unpredictability of the monsoon in India and change in rainfall pattern
- Water scarcity

Cybersecurity

- Data loss/thefts
- Domain-based threats
- Website Non-Availability

New Competition

- New competitors entering the market

Geopolitical

- Geopolitical situations leading to disruptions

Financial

- Volatility in exchange rates

RISKS AND CONCERNS

OUR APPROACH

KNPL's well-documented Risk policy, supported by a robust Risk Management Framework, helps it effectively navigate uncertainties and maintain high performance.

RISK MANAGEMENT FRAMEWORK

Identifying Risks

Assessing the entire business landscape, both internal and external, to identify potential risks

Analysing Risks

Evaluating the risks based on their probability of occurrence and impact on the organisation and further classifying them into high, medium and low-risk categories

Promoting Risk Culture

Training and raising awareness of risks, controls and mitigation plans

Treating and Monitoring Risks

To effectively manage the key risks, we formulate comprehensive courses of action and our operating teams are responsible for executing these plans.

To ensure compliance with applicable statutory regulations, the Risk Management Committee convenes at least two meetings annually.

Reporting of Risks, Exposures and Mitigation Plans to the Audit Committee

The reporting of risks, exposure and mitigation plan would be presented once a year to the Audit Committee by the Risk Management Committee.

RISK CLASSIFICATION

Strategic Risk

Strategic risk applies to the Company's future business plans and strategies, including industry and sector-related risks. This also includes risks arising due to climate change.

Operational Risk

Risks related to the procurement, manufacturing, distribution, sales and service of the product in business operations. It also includes operational, sustainability and people risks, including but not limited to the code of conduct.

Statutory Risk

With its increased geographical spread, KNPL is exposed to multitudes of constantly changing local legislations. There exists a risk of non-compliance or delay in compliance with statutory requirements.

System Risk

With the increasing utilisation of IT within the organisation for business operations, the necessity of having critical controls, including but not limited to information and cybersecurity, within the system becomes extremely crucial.

Financial Risk

Risks arising from currency fluctuations and market volatility, which can directly impact profitability.

EMERGING RISKS

Classification	Description		Impact	Mitigation
Strategic Risk	- Physical risks related to extreme weather events, such as flash flooding, incremental sea level rise, storm surges and high precipitations - Transitional climate change risks, such as market reputation and technology risk	Risks arising **due to climate change**	- Stoppage of business operations - Deteriorating brand value and customer trust - Transitioning to low-carbon technology can result in increase in costs	Business Continuity policy and framework Available **Product** - Developing sustainable products - Receiving green product certification **Emissions & Climate Change** - Achieving 'Near Term Targets' for emission reduction approved by SBTi - Financial risk mitigation as per the TCFD framework

Statutory Risk	- Change in the regulatory landscape impacting various areas, such as:
	  - Plastic waste management
	  - Chemical safety management
		Risks arising due to emerging ESG regulations within the **country**	- Legal and regulatory consequences due to non-compliance with rules
			- Reputational damage
				- Implementing a dashboard to track upcoming regulations
				- Utilising an IT-enabled system to track compliance

Operational Risk	- Availability of water	Risks due to water **scarcity**	- Disruption in production due to insufficient water supply - Higher costs of water supply	- Reducing specific water consumption - Using recycled water - Increasing water regeneration through rainwater harvesting - Conducting regular water audits and assessments

Goindwal Sahib Plant

NURTURING OUR CAPITALS AND ESG APPROACH

At KNPL, we follow a triple bottom-line (3P: People, Planet and Profit) approach and judiciously manage the six capitals (Natural, Human, Financial, Manufactured, Intellectual and Social & Relationship) to achieve our strategic objectives. Additionally, as conscientious corporate stewards, we align our capitals with the pertinent United Nations' Sustainable Development Goals (UN SDGs).

Natural Capital

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

Human Capital

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH

Manufactured Capital

- 8 DECENT WORK AND ECONOMIC GROWTH
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

Financial Capital

- 8 DECENT WORK AND ECONOMIC GROWTH

Intellectual Capital

- 4 QUALITY EDUCATION
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

Social & Relationship Capital

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 17 PARTNERSHIPS FOR THE GOALS

ESG APPROACH

PROGRESS ON MATERIALITY

Hosur Miyawaki Plantation

ENVIRONMENTAL

REDUCING ENVIRONMENTAL IMPACT AND SUSTAINABLE SOURCING

DECARBONISATION

Materiality 1

Approach

- Increasing the contribution of energy from renewable sources
- Approving targets by Science-Based Target Initiative (SBTi) for near-term emission reduction in line with the 1.5°C trajectory
- Using alternate fuels
- Risk assessment as per the Task Force on Climate-Related Financial Disclosures (TCFD) framework
- Reducing Specific Power Consumption (SPC)
- Developing a Greenbelt

Initiatives undertaken and performance are provided in the Natural Capital of the Annual Report.

Commitment

- Reducing Scope 1 & 2 emissions by 46.2% by 2030 from baseline FY 2018-19
- Minimising Scope 3 intensity by 55% by 2030 from baseline FY 2018-19
- Achieving 70% renewable electricity (RE 70) by 2030
- Reducing SPC

Progress

- Utilised 38% of electricity from renewable sources
- Achieved 13% reduction in Scope 1 & 2 emissions from baseline FY 2018-19
- Accomplished 3% reduction in Scope 3 intensity from baseline
- Planted 7,790 trees

RESOURCE USE

Materiality 2

Approach

- Reduce water footprint by increasing water efficiency, rainwater and recycled water consumption within operations
- Improve water availability in the communities where KNPL operates through watershed development projects
- Facilitate co-processing of waste across all plants
- Implement Specific Water Consumption (SWC) and Specific Hazardous Waste Generation (SHWG) reduction targets
- Leverage R&D strength to develop green, sustainable and responsible products
- Recycle post-consumer plastic waste
- Increase the use of recycled content in plastic packaging material

Initiatives undertaken and performance are provided in the Natural Capital section of the Annual Report.

Commitment

- Achieve water positive by FY 2024-25
- Divert waste away from landfill
- Increase sustainable product portfolio
- Plastic waste management by reducing and recycling post consumer plastic waste

Progress

- Achieved water positive status in FY 2023-24
- Certified interior and exterior emulsion and construction chemical range of products by GRIHA
- Recycled 12,068 MT of plastic waste as part of EPR
- Included 10% of recycled content in plastic PM in select products
- LCA conducted for interior and exterior emulsions, enamels, construction chemicals, coil coating, powder coating, performance coating and auto refinish

Rainwater Collection Area

Promotion of Tribal Art under CSR Initiative

SOCIAL

EMPOWERING PEOPLE & COMMUNITIES

QUALITY OF LIFE | Materiality 3

Approach

- Foster safe and healthy working conditions
- Promote equality
- Engage employees
- Promote human rights
- Incorporate a robust code of conduct
- Maintain a dedicated internal complaints committee (ICC)
- Implement community development initiatives

Initiatives undertaken and performance are provided in the Human Capital and Social & Relationship Capital of the Annual Report.

Commitment

- Zero incident-accident
- Foster behavioural-based safety culture
- Zero discrimination based on working age, gender, nationality, race, religion, disabilities and sexual orientation
- Zero human rights abuse
- Encourage employee participation in CSR initiatives

Progress

- Achieved zero incident/accident across manufacturing plants
- Conducted trainings on social conduct at work place, human rights, for employees
- GPTW-Certified
- Touched 46,000+ lives through CSR
- Observed 28% employee participation in CSR initiatives
- Zero observations on discrimination
- Achieved a score of 92.5% in safety culture survey

DIVERSITY

Materiality 4

Approach

- Fostering diversity and nurturing inclusivity by promoting advancement for our colleagues, culture and communities
- Ensuring no discrimination on the basis of gender, race, age, religion, or ethnicity

Initiatives undertaken and performance are provided in the Human Capital and Social & Relationship Capital of the Annual Report.

Commitment

- Achieve 2.5% gender diversity by March 2024
- Accomplish 0.25% for differently abled by March 2024

Progress

- 4.5% gender diversity in permanent employees, excluding workers and 3.8% in permanent employees, including workers
- Hired 1 differentially abled candidate in FY 2023-24, bringing the total count to 2, including both existing and new hires

Women's Day Celebration at Head Office

Plant Review

GOVERNANCE

ETHICAL, TRANSPARENT AND ACCOUNTABLE

GOVERNANCE Materiality 5

Approach

- Enterprise risk management (ERM)
- Board Oversight on ESG
- Ensure statutory compliance
- Ensure fair practices across the value chain
- Adopting best practices in corporate governance
- 3rd Party assurance on selected non-financial parameters and impact assessment for CSR activities

Initiatives undertaken and performance are provided in the Corporate Overview section and Statutory Reports section of the Annual Report.

Commitment

- Zero non-compliance
- Reduce enterprise risk
- Promote risk culture
- Promote ESG and sustainability among the value chain partners

Progress

- Conducted biannually, Board-level Risk Committee review
- Board oversight on ESG performance
- Annual ESG performance review by ESG Committee
- Covered in training on risk management - 400+ employees
- Conducted training for value chain partners on the 9 principles of BRSR

RECOGNITION

KNPL has been awarded a Bronze medal. This result places KNPL among the top 35% of companies assessed by EcoVadis

Rated in the top 10% globally within the chemical industry group in the S&P Global Corporate Sustainability Assessment 2023 and is a constituent company of the S&P Global Large Midcap ESG Index

Approved SBTi near-term reduction targets for GHG Scope 1, 2 & 3 emissions

Rated in the Top Quartile in FTSE4Good Assessment 2023 and is a constituent company of the FTSE4Good Index

ASSURANCE

KNPL's disclosures on key ESG parameters undergo independent assurance by a third-party external agency (M/s Aneja Assurance Pvt Ltd), following the International Standard on Assurance Engagement (ISAE) 3000. Additionally, assurance is provided regarding the adherence of the disclosures to the GRI's Sustainability Reporting Standards. The assurance report is available at: https://www.nerolac.com/sustainability.html

NATURAL
CAPITAL

One of our key initiatives this year was obtaining approval on emission reduction targets from the Science Based Targets Initiative (SBTi), demonstrating our proactive approach to addressing climate change. Furthermore, we have made progress in improving our renewable electricity usage to 38%.

We have made significant progress on the water management initiatives, while achieving Water Positive status this year. This indicates that we replenished more water than fresh water consumed, highlighting our commitment to responsible water management and our efforts to conserve and protect this critical resource. Additionally, our waste management initiatives have seen significant advancements, especially with the introduction of innovative measures like producing low-grade paint from solvent residue. This approach not only minimises waste but also promotes circular economy practices within our operations.

KNPL has established policies and procedures to ensure that our suppliers adhere to responsible sourcing, fair labour practices and environmental conservation standards.

In line with our Company's dedication to environmental conservation, we have initiated the establishment of Miyawaki Forests at our plant locations. These forests mirror our commitment to biodiversity conservation and ecosystem restoration.

As we prioritise natural capital, these achievements underscore our ongoing commitment to sustainable practices and responsible business operations. Furthermore, we remain firm in our pursuit of excellence in environmental protection and resource management, striving to set new benchmarks for sustainability within our industry.

OUR FOCUS

Climate Change and Emissions Management

- Commitment to Science Based Target Initiative (SBTi)
- Alignment to Taskforce on Climate-Related Financial Disclosures (TCFD)
- Reporting of GHG emissions
- Improving air quality by controlling air emissions

Water Management

- Conserving water by recycling & reusing water
- Reducing Specific Water Consumption (SWC) by minimising freshwater consumption
- Increasing the usage of rainwater in the process
- Ensuring ZERO liquid discharge

Energy Management

- Ensuring energy efficient operations across facilities through varied ENCON initiatives
- Maximising renewable portfolio in total energy consumption
- Adopting new and innovative technologies for energy optimisation

Waste Management

- Diverting waste away from the landfill
- Ensuring plastic waste management through recycling and reduction

New Joinees doing Tree-Plantation

Product Sustainability

- Obtaining green product certifications
- Conducting life cycle assessment
- Using renewable raw materials
- Reducing or eliminating the usage of hazardous materials

Material Management

- Ensuring sustainable sourcing
- Guaranteeing quality raw material procurement
- Increasing resource efficiency

Greenbelt Development

- Facilitating greenbelt development within factory premises as well as in nearby communities
- Tree plantation by 'Miyawaki' technique

Ensuring Environmental Compliances

- Environment clearance
- Consent to establish
- Consent to operate
- Regulatory submittal

CLIMATE CHANGE MANAGEMENT AND EMISSIONS MANAGEMENT

The increasingly severe effects of climate change, including flash floods, rising sea levels, storm surges and heavy precipitation, emphasise the urgent need to take action for business continuity. These extreme weather events pose immediate threats and have far-reaching implications for resource availability. In response, KNPL has recognised the necessity of proactive measures and has committed to responsible action.

One of the key initiatives is a strategic shift towards renewable energy sources, specifically wind and solar power. This transition aims to reduce our carbon footprint and ensure a more sustainable and environmentally friendly energy supply. By embracing renewables, we actively contribute to global efforts to combat climate change and minimise the environmental impact of our operations.

Approval on GHG Emission Reduction Targets from Science Based Target Initiative (SBTi)

KNPL has received approval on near-term science-based targets from SBTi. We are committed to reducing absolute Scope 1 and 2 GHG emissions by 46.2% by FY 2029-30 from a FY 2018-19 base year. Additionally, KNPL commits to reducing Scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, upstream transportation & distribution and downstream transportation & distribution by 55% per kilolitre of product sold by FY 2029-30 from a FY 2018-19 base year.

As per SBTi, our Company's Scope 1 and 2 target ambitions are in line with a 1.5°C trajectory. Aligning with these targets enables us to synchronise our emission reduction goals with the latest climate science and global efforts to limit global warming.

The focus is on reducing both direct and indirect greenhouse gas (GHG) emissions. This involves assessing and addressing emissions from our direct operations and indirect sources like the procurement of raw materials, transportation and product use, ensuring a comprehensive approach towards creating a more sustainable future.

Task Force on Climate-Related Financial Disclosures (TCFD)

KNPL manages climate-related risks and opportunities by adopting the TCFD framework. By implementing this framework, we aim to enhance our decision-making processes, improve risk management strategies and capitalise on opportunities in transitioning to a low-carbon economy.

Through the TCFD framework, our Company evaluates and quantifies various climate-related aspects, including physical risks (e.g., extreme weather events and sea-level rise), transitional risks (e.g., policy changes and shifts in market preferences) and opportunities (e.g., renewable energy investments and energy efficiency improvements). This comprehensive assessment helps us better understand the financial implications and potential impacts on our operations, supply chain and overall business strategy.

Our Company effectively integrates climate considerations with Enterprise Risk Management by financially quantifying climate-related risks and opportunities. This alignment enables us to mitigate risks and capture opportunities arising from climate-related changes, thus aligning our business strategy with the transition to a low-carbon and sustainable future.

GHG Emissions Reporting

At KNPL, we acknowledge the importance of measuring and disclosing our greenhouse gas (GHG) emissions to effectively manage and reduce our carbon footprint. We adhere to the Greenhouse Gas Protocol, an internationally recognised reporting framework, to ensure consistency and comparability in our emission reporting. Our Company's GHG emissions data is systematically collected from various sources within our operations, including direct emissions from combustion processes and indirect emissions from purchased electricity and other energy sources. This year, we prioritised following the Science Based Targets Initiative (SBTi) Guidelines, ensuring that our emissions align with ambitious reduction goals. By doing so, we showcase our commitment to environmental stewardship and sustainability, providing valuable insights to stakeholders in our efforts to mitigate climate change.

TO REDUCE GHG EMISSIONS, WE:

- Ensure detailed inventory and monitoring of greenhouse gases (GHG)
- Use fuels with lower emissions
- Increase renewable portfolio with solar and wind power
- Collaborate with value chain partners for emissions reduction

Rooftop Solar at Jainpur Plant

Approach

GHG emissions are estimated using guidelines from the World Resource Institute's (WRI) Greenhouse Gas (GHG) Protocol, the CEA (Central Electrical Authority) database and the GaBi database. KNPL also incorporates relevant industry-standard emission factors and those prescribed by the Intergovernmental Panel on Climate Change (IPCC) as appropriate.

Types of GHG Emissions Accounted	Particulars
Scope 1 GHG Emissions	Captive Power Generation from DG Fuel Consumption in Boilers Emissions from Bioenergy
Scope 2 GHG Emissions	Power Imported from the Grid
Scope 3 GHG Emissions (As Suggested by the SBTi)	**Category 1:** Purchased Goods and Services **Category 2:** Capital Goods **Category 3:** Fuel- and Energy-Related Activities **Category 4:** Upstream Transportation and Distribution **Category 5:** Waste Generated in Operations **Category 6:** Business Travel **Category 7:** Employee Commuting **Category 9:** Downstream Transportation and Distribution **Category 10:** Processing of Sold Products (Optional) **Category 12:** End of Life Disposal

Performance

KNPL's boundary includes 8 manufacturing locations in India, along with R&D, regional offices, depots, OPCs and domestic/ international subsidiaries.

TCO_2e (Post-SBTi Validation)	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Scope 1 Emissions	6,522	3,441	3,086	5,103	6,635	7,886
Scope 2 Emissions	51,719	45,891	33,647	41,890	41,290	43,051
Scope 1+2 Emissions	58,241	49,332	36,733	46,993	47,925	50,937
Scope 3 Emissions (Mandatory)	8,47,466	8,00,604	8,12,922	9,26,046	9,36,012	10,36,073
Scope 3 Emissions (Optional)	7,76,321	6,23,483	5,89,888	6,64,590	7,85,006	8,38,374

Our GHG emissions (Scope 1 + Scope 2) have decreased by 12.5% since FY 2018-19.

As per recommendation from SBTi, KNPL has classified Scope 3 emissions from the mixing, heating, and application of paint that occur after paint and coatings are sold as Scope 3 optional emissions.

AIR QUALITY

Recognising the importance of clean air for the health and well-being of our employees, local communities and the environment, we prioritise maintaining and improving air quality in our operations.

Improved Air Quality

- Monitoring of ambient air quality, stack emissions and VOC levels
- Deploying advanced air pollution control devices

Approach

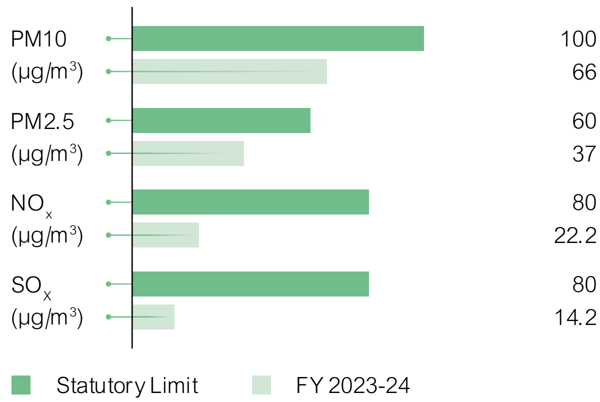
External agencies periodically monitor emissions and air quality levels at all our manufacturing sites. We have put in place necessary controls and measures to manage these emissions and ensure they remain well within prescribed limits, complying with the National Ambient Air Quality Standards (NAAQS) 2009.

In addition to conventional air pollution control devices like Air Handling Units (AHUs), dust collectors, fume extractors and forced draft ventilation systems, we have installed scrubbers in the resin area and cyclone separators in solid fuel boilers to reduce Suspended Particulate Matter (SPM). Our Company's vents are equipped with an activated carbon filter to filter air emissions before they are discharged into the atmosphere.

For continuous monitoring, KNPL has online stack monitoring systems to ensure compliance with permissible limits.

Performance

Ambient Air Quality Organisation-wide



WAY FORWARD

In pursuit of our goals, we have embraced a holistic strategy for emission reduction, which includes assessing our emissions across all operations, covering Scope 1, 2 and 3. This provided us with valuable insights into our carbon footprint and areas where we can enhance emission reduction efforts.

Our commitment stems from a profound sense of responsibility to minimise the impact of climate change and ensure a sustainable future for generations to come. Moreover, we remain dedicated to ongoing efforts and innovative solutions to reduce our environmental impact.

ENERGY MANAGEMENT

At KNPL, we measure our energy management progress using key performance indicators (KPIs), such as specific power consumption, specific fuel consumption, capacity addition of green power, percentage of green power utilisation, power factor controls, fuel mapping and adoption of greener alternatives. These metrics help us track and evaluate the advancements made in optimising energy usage and transitioning to more sustainable energy sources. Our facility at Goindwal Sahib has been certified by ISO 50001 and we aim to have all our plants and energy management systems certified through ISO 50001, an international standard that certifies our commitment to energy performance and sustainability.

Approach

Energy Conservation

- Undertaking initiatives to reduce energy consumption and decrease energy intensity - Specific Fuel Consumption (SFC) and Specific Power Consumption (SPC)
- Digitising the entire energy distribution network through energy management and utility management systems for effective tracking, monitoring and identifying areas for improvement
- Migrating to open access renewable power sourcing through ‘group captive’ and ‘third-party power’, among others, thereby reducing dependency on the state grid
- Sustaining consumption of heat and steam through biofuels and biomass-based boiler

Performance

In FY 2023-24, KNPL consumed 5,41,732 GJ of energy within the organisation, with an overall energy intensity of 1.5 GJ/KL of Finished Goods (FG). The total renewable energy consumed was 2,67,456 GJ, accounting for 49% of our Company’s total energy consumption.

Maximising Renewable Energy Consumption in Our Total Energy Mix

KNPL actively explores and adopts environmentally friendly options, such as renewable energy sources like solar and wind power. By integrating renewable energy into our operations, we decrease our reliance on fossil fuels and contribute to overall decarbonisation efforts.

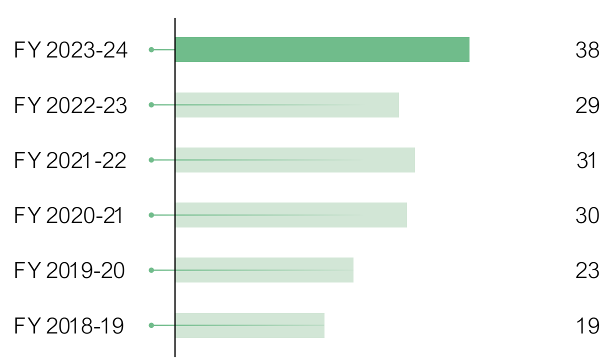
The following green energy projects were commissioned in the reporting year:

- Commissioning a 2nd captive wind turbine of 2.1 MW in the state of Tamil Nadu in July 2023
- Commissioning of rooftop solar projects at Jainpur and Bawal
- Commissioning 5 solar trees, with a total capacity of 65 kW, at Bawal

During the reporting year, KNPL replaced 100% of grid power with renewable power in July, August and September for our Hosur factory in Tamil Nadu. Following this, our Company is committed to steadily advancing towards achieving our RE 70 targets on a company-wide scale.

Electricity from Renewable Sources - Manufacturing Facilities

(%)



Case Study

Solar Tree Installation at Bawal

A solar tree is a structure that incorporates solar energy technology on a single pillar, resembling a tree trunk. The tree's pole is made of metal and solar panels are placed on different poles, arranged like branches of a tree. Solar tree panels generate 20% more energy than simple flat solar panels made of solar cells, as their area is larger and their tree-like arrangements allow them to collect sunlight for a few extra hours compared to a simple solar panel setup.

The installation is done at the plant's main entrance, enhancing the overall look and feel of the plant.

Solar Tree Installation at Bawal

Use of Renewable Fuel - Biomass

We generate the steam and heat required for our manufacturing process using biomass-based solid fuel in boilers and heaters at 4 of our manufacturing facilities.

20,308 MT

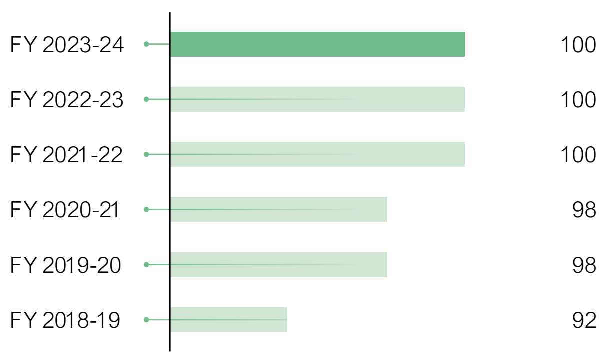
Total Steam Consumption

1,91,833 Lakhs Kcal

Total Heat Consumption

Process Heat & Steam from Renewable Source - Manufacturing Facilities

(%)



Additionally, our Company uses biodiesel in 2 manufacturing facilities to reduce our carbon footprint.

Our Commitment

KNPL aims to achieve a 70% renewable contribution to our overall power mix by 2030.

Use of Cleaner Fuels with Lower Emissions

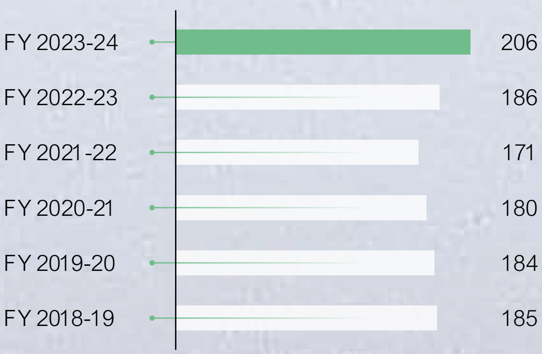
Our Company constantly explores the availability of Cleaner and Greener Fuels, Piped Natural Gas (PNG) in and around our manufacturing locations and plans our fuel switch accordingly. Currently, we are using PNG in 2 of our manufacturing facilities.

Energy Efficiency Initiatives

- Utilisation of energy efficient motors
- Implementation of a centralised energy management system
- Installation of timers in process equipment and various other utilities for optimum utilisation

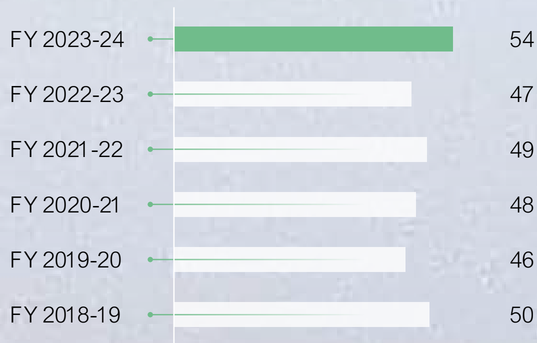
Specific Power Consumption (SPC) - Manufacturing Facilities

(KWH/KL of FG)



Specific Fuel Consumption (SFC) - Manufacturing Facilities

(LT/MT of Resin)



Rooftop Solar at Jainpur Plant

WATER MANAGEMENT

Water management is a major focus at KNPL, and we have established high standards for controlling water usage to reduce our water impact. Water is primarily needed for water-based paint products, manufacturing operations, utilities and domestic purposes.

Our Company achieved Water Positive status during FY 2023-24 by replenishing more water than withdrawal of freshwater. In the reporting year, we achieved water positive index of 1.18.

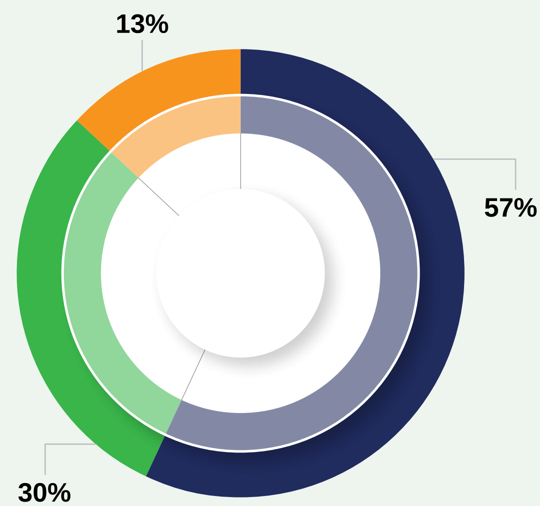
Approach

- Conserving water in operations
- Sustaining zero liquid discharge and utilising recycled water
- Utilising rainwater
- Increasing water replenishment projects for sustaining water positive status

Water Conservation in Operations

KNPL conducts internal water audits to promote conservation, identify inefficiencies for improvement. These audits involve analysing water consumption, detecting leaks, assessing water-saving technologies and recommending strategies to optimise water usage. We consistently implement water conservation initiatives across all our operations and ensure their horizontal deployment across all our facilities, where feasible. Additionally, we regularly monitor our freshwater withdrawal and total water consumption using a water accounting tool. This helps us improve our water efficiency and establish benchmarks for achieving the highest level of water security, both internally and externally. Moreover, KNPL sources freshwater from groundwater, the State Industrial Development Corporation (SIDC) and third-party water suppliers.

Freshwater Source



Water Withdrawal

In FY 2023-24, KNPL's organisation-wide freshwater withdrawal amounted to 4,25,135 KL.

Water Consumption

During the reporting period, our organisation-wide total water consumption stood at 5,75,470 KL. Out of which, 15,521 KL was rainwater and 1,34,814 KL was recycled water. Our Company's Specific Water Consumption (SWC) for manufacturing facilities was 1.17 KL/KL of FG.

4,25,135 KL

Water Withdrawal (Freshwater)

1,50,335 KL

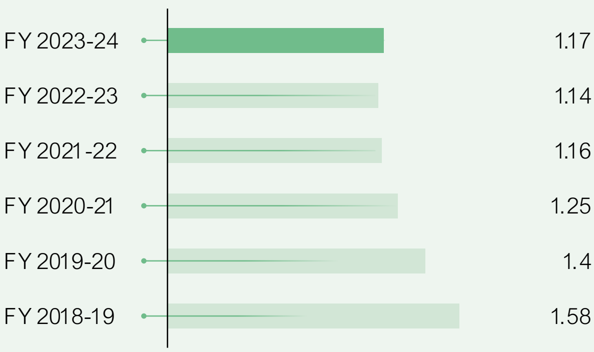
Recycled and Rainwater Usage

26%

Rainwater & Recycled Water
(As a % of Total Consumption)

Specific Water Consumption - Manufacturing Facilities

(KL/KL of FG)

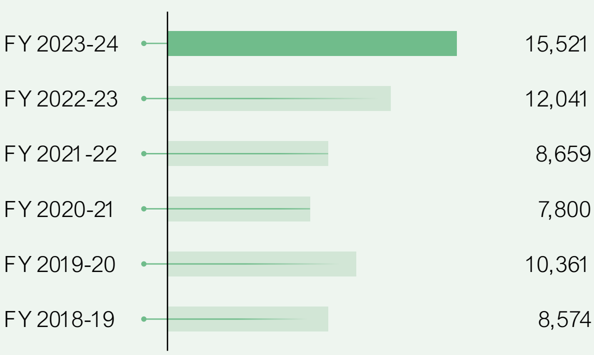


Our specific water consumption (manufacturing facilities) decreased by 26% since FY 2018-19.

Rainwater Collection inside Bawal Plant Premises

Rainwater Usage in Process - Manufacturing Facilities

(KL)



Water Management in a Water-Stressed Region

Two of our manufacturing facilities are located in water-stressed areas, Goindwal Sahib and Bawal. During the fiscal year 2023-24, the water withdrawal in these areas was 1,17,357 KL and water consumption was 1,43,702 KL.

ETP at Jainpur Plant

Case Study 1

Eco-Friendly Cooling Towers - Jainpur Facility

To enhance the efficiency of cooling tower operation, we replaced conventional multiple inorganic chemical dosing with a single eco-friendly organic substitute. This chelating agent does not affect the chemical properties of water. The implementation of this technology reduced cooling tower blowdown frequency by approximately 80%, resulting in decreased intake of freshwater.

Cooling Tower

Case Study 2

Reuse of Condensate Water - Hosur Facility

Condensate water, transferred to the boiler feed water tank at a temperature of 70°C, eliminates the need for preheating and reduces freshwater makeup by 55-60%.

SUSTENANCE OF ZERO LIQUID DISCHARGE

KNPL is dedicated to safeguarding both people and the environment from potential harm due to water discharge at our manufacturing facilities. At our major facilities, we rigorously implement systems and technologies to uphold Zero Liquid Discharge standards, ensuring that all

wastewater is effectively treated and reused, with no discharge into the environment. This ensures that effluents from our processes do not contaminate water bodies through runoff.

Following primary and secondary treatment, wastewater undergoes further processing in cutting-edge water recovery facilities, including Agitated Thin Film Dryer (ATFD), Multiple Effect Evaporator (MEE) and Reverse Osmosis (RO) units. This enables effective water recovery from wastewater. The collected water is then reused for additional internal purposes.

We have dedicated treatment facilities for both domestic and industrial effluents, supported by an in-house laboratory to monitor effluent quality across all major manufacturing facilities. Moreover, KNPL's ETP-treated water is further treated in ZLD and recycled for utility makeup, while the STP-treated water is reused for gardening and toilet flushing.

Our recycled water consumption accounts for 23% of the total water consumption for the reporting year.

ZLD at Sayakha Plant

ETP at Hosur

WATER RESTORATION CAPACITY CREATIONS AT THE COMMUNITY LEVEL

Water scarcity in India is a pressing issue with significant social, economic and environmental consequences. Rapid population growth, urbanisation, industrialisation and agricultural demands have worsened the situation. KNPL recognises water conservation and management as a key area for intervention. Our Company actively works towards rejuvenating local water sources in the vicinity of our factories to promote water conservation in Hosur, Sayakha, Jainpur, Goindwal Sahib and Lote.

Performance

Water Replenishment

We replenished 118% of the freshwater withdrawal to the community we operate in.

KNPL's sustainable water development effort aims to annually replace a larger volume of water than is used for our activities. This strategy addresses environmental, social and economic risks that may arise from water-stressed areas and implements proactive steps to mitigate them.

An impact assessment was conducted to evaluate the environmental, social, economic and water positive impacts of all pond/lake restoration projects. The assessment uses a two-pronged approach for data collection and review, including secondary data sources and literature and primary data obtained through quantitative and qualitative methods. To evaluate the inclusiveness, relevance, appropriateness, coherence, effectiveness, impact potential and efficiency of the programme, the evaluation used the IRECS Framework. Using the logic model and the criteria of the IRECS framework, the evaluation assessed the team's contribution to the results, considering various factors that might have influenced the overall outcome. The social impact assessment hinged on the following pillars:

- **Inclusiveness**: Assessing the extent to which communities can equitably access the benefits of assets created and services delivered
- **Relevance:** Evaluating the extent to which the project responds to the 'felt' needs of the communities
- **Expectations:** Analysing the intended or unintended positive socio-economic and cultural changes accrued for beneficiaries
- **Convergence:** Assessing the degree of convergence with the government/other partners and stakeholder buy-in achieved
- **Service Delivery:** Evaluating the extent to which cost-efficient and time-efficient methods and processes are used to achieve results

Case Study

Pond Restoration near Jainpur Manufacturing Facility

In Pulandar village, an existing pond was converted into a system for artificial rainwater harvesting. The village pond filled up during the rainy season and dried out in the summer. During the monsoon season, water overflowed into neighbouring regions. The artificial recharge of groundwater in the pond area raised water levels in the village tube wells, significantly improving water supply to nearby fields for irrigation and the total water recharge capacity stood at 1,05,084 KLD.

Pond Restoration at Pullandar Village, Kanpur Dehat, Uttar Pradesh

> **Earlier, we didn't have any birds at this time of the year sitting on the surface of the water. And now you can see so many birds coming and drinking water from here. This could only be possible because the water level has increased in the past 2-3 years.**
>
> **Sailu Kumar**

WAY FORWARD

We would continue to work in the following key areas: Reduce freshwater consumption; increase usage of recycled/reused water; increase usage of rainwater in the process; water replenishment in nearby villages through CSR to sustain the water positive index.

Rainwater Collection at Hosur

WASTE MANAGEMENT

At KNPL, waste management is crucial for environmental stewardship, regulatory compliance and operational efficiency. We implement various initiatives, including:

- Reducing material wastage and minimising sticking material losses
- Decreasing cleaning frequency
- Reusing solvents for multiple cleaning batches
- Recovering powder fines
- Recovery of solvents through distillation
- Reusing wash water in water-based paints
- Reusing drums/barrels
- Recovering TiO_2
- Establishing a plastic bag take-back mechanism with suppliers

Approach

- Adhering to local and national regulations regarding waste disposal and pollution control
- Providing employees with awareness training on proper waste handling and disposal procedures

Case Study

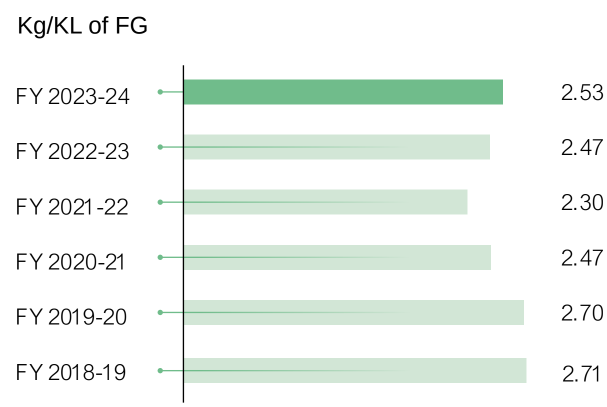
During the distillation process for solvent recovery, residue is produced, which contributes to hazardous waste. KNPL has developed a process to utilise this residue for the preparation of low-grade paint. 12% of the distillation residue generated was converted into low-grade paint.

Performance

Waste Generation

In FY 2023-24, KNPL generated a total of 9,274 MT of waste. This included 913 MT of hazardous waste, 2 MT of e-waste, 0.1 MT of biomedical waste, 3,476 MT of contaminated container waste (barrels, tins and drums), 507 MT of other hazardous waste, 12.7 MT of battery waste and non-hazardous waste of 3,282 MT.

Specific Hazardous Waste Generation - Manufacturing Facilities



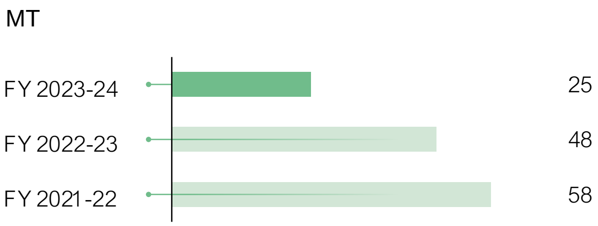
Our Specific Hazardous Waste Generation (SHWG) for our manufacturing facilities was 2.53 Kg/KL of FG and decreased by 6.6% since FY 2018-19.

Waste Disposal

At KNPL, waste is separated and then sent to authorised Treatment, Storage and Disposal Facilities (TSDFs) for disposal, reuse, or recycling following applicable laws and regulations. By implementing the coprocessing of hazardous waste in cement kilns, our Company has successfully diverted the majority of our waste from landfills.

Additionally, we transformed 23.3 MT of organic canteen and food waste into 13.6 MT of high-quality manure through a bio-composting treatment process. This manure is used internally for gardens and horticulture. This has helped KNPL to handle organic waste and reduce carbon emissions, lessen methane production and divert garbage from landfill.

Waste Disposal through Landfilling



Dedicated Scrapyard Facility for Hazardous Waste Storage

Awareness Training on Waste Handling and Disposal Procedures

We have amplified our focus on training and raising awareness about waste management to promote safe practices, sustainability and reduce environmental impact. Conducting workshops, seminars and informational campaigns can empower employees to adopt sustainable practices in their daily routines, ultimately contributing to a cleaner and greener environment.

Awareness Campaign 'To Beat Plastic Pollution'

Circular Economy

Embracing the principles of the circular economy offers significant benefits to our Company, focussing on waste reduction and resource efficiency. This involves implementing systems for collecting and recycling unused paint, designing products with recyclability in mind and taking responsibility for the entire life cycle of paint products by conducting life cycle assessments. By optimising production processes and fostering collaboration across the value chain, KNPL aims to unlock new opportunities for sustainable growth.

Extended Producer Responsibility

In FY 2023-24, KNPL collected, recycled, co-processed and safely disposed of 12,068 MT of post-consumer plastic waste, including rigid and flexible plastic. This was in accordance with the Plastic Waste Management (PWM) Rules of 2016 and the National Guidelines on Extended Producer Responsibility (EPR) released in 2022.

Plastic Waste Collection and Storage

WAY FORWARD

At KNPL, we intend to designate qualified external organisations to conduct impartial third-party audits for a subset of our waste management agencies (WMAs) and recyclers. This ensures the timely completion of our EPR activity and verifies that the standard operating procedures of our WMAs comply with government regulations.

MATERIAL MANAGEMENT

As part of the paint manufacturing industry, our main input raw materials comprise pigments, binders, additives and solvents. We use these materials consciously, emphasising resource efficiency. Our continuous efforts focus on minimising material losses and maximising the conversion of raw materials into finished goods.

Warehouse at Jainpur Plant

Responsible Sourcing

KNPL recognises the critical importance of responsible sourcing as a fundamental pillar of its sustainability strategy. Driven by a profound commitment to environmental stewardship and social responsibility, we are dedicated to sustainably sourcing goods and services. This approach aligns with our core values and supports the well-being of both people and the planet, reinforcing our commitment to ethical and responsible practices. Our Company's green procurement guidelines prioritise environmentally friendly and energy efficient products, materials and services.

By giving preference to suppliers who offer eco-friendly alternatives, we aim to minimise the environmental impact associated with our operations and align our sourcing practices with our environmental goals.

Approach

Sustainable Sourcing

- Minimising environmental impact and promoting social responsibility
- Collaborating with industry partners to drive innovation and develop sustainable sourcing practices that align with our goals and industry best practices

Performance

Over 65% of KNPL's materials are sourced from suppliers with formal sustainability programmes.

By partnering with these suppliers, we ensure that the materials used in our operations align with our sustainability objectives.

This helps KNPL gain the following benefits:

- Reducing the environmental footprint by selecting suppliers who prioritise resource efficiency, waste reduction and renewable materials
- Fostering transparency and accountability throughout the supply chain
- Encouraging other suppliers to adopt sustainable practices by demonstrating the demand for sustainable materials and products

Approach

Resource Efficiency

- Facilitating process automation for improved accuracy and reduced material loss
- Ensuring a closed-loop manufacturing process
- Implementing robust controls on material additions
- Adopting various reuse and recovery initiatives

Performance

Packing Materials

In FY 2023-24, KNPL consumed 31,829 MT of packing material, including metal tins, drums, plastic barrels, containers and plastic bags. Presently, our Company has initiated the use of recycled plastic in our plastic containers for specific products. Moving forward, we intend to increase the proportion of recycled materials in our packaging and extend this initiative to other ranges. We work closely with our value chain partners to achieve this common goal and promote sustainable packaging.

During the reporting period, we reclaimed, recycled or reused the following materials, reducing our carbon footprint:

11.99 MT
of TiO_2

136.2 MT
of Powder Fines

427 MT
of Solvent

135 MT
of Paint Sludge

GREENBELT DEVELOPMENT

In FY 2023-24, a total of 7,790 trees were planted. KNPL ensures compliance with 33% of the greenbelt requirement set by CPCB across all manufacturing facilities. Our Company has set a target of planting 2,000 trees within the factory premises and 5,000 trees outside the factory premises.

Additionally, the Jainpur plant has developed a Miyawaki Forest under CSR outside factory premises, planting 6,000 trees in a 1,200 sq.m area.

Greenbelt Development at Hosur Plant

Tree Plantation at Jainpur

PRODUCT SUSTAINABILITY

Product Certification

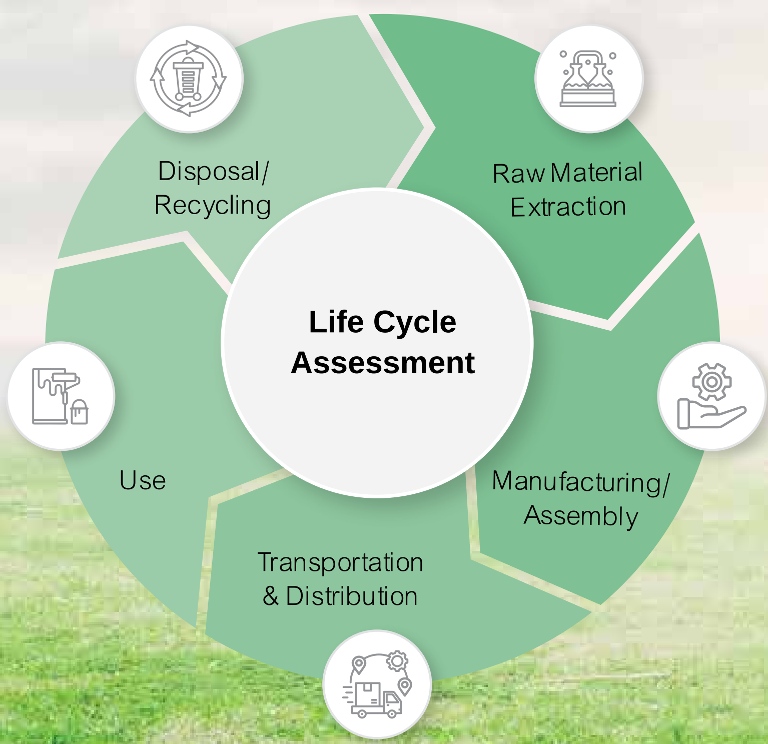
In the reporting year, KNPL's range of interior/exterior emulsions and construction chemicals products received certification from the Green Ratings for Integrated Habitat Assessment (GRIHA). This certification underscores our commitment to offering responsible products to our customers.

Life Cycle Assessment

KNPL conducted a comprehensive cradle-to-grave life cycle assessment for 25 products across various categories, including wood finish paints, solvent-based paints, water-based paints, industrial coatings and powder coatings. The research was carried out by an independent organisation in compliance with relevant ISO and global regulations. Our Company's LCA adheres to the Product Category Rules (PCR) for construction products (2019:14/version 1.3.2).

The assessment aims to objectively and transparently communicate the environmental aspects of the products throughout their life cycle stages, with the goal of developing a Type III Environmental Product Declaration (EPD) compliant with ISO 14025 and ISO 14040 series of standards.

By conducting LCA, we assess the environmental impacts of a product from its raw material extraction to manufacturing, distribution, use and disposal or recycling. Factors like energy and resource consumption, GHG emissions, water usage, waste generation and potential impacts on ecosystems and human health are considered. KNPL aims to identify hotspots of the product's environmental impact and prioritise areas for improvement. Furthermore, we integrate LCA into product development to minimise environmental burdens, improve resource efficiency and ultimately create more sustainable products.



ENVIRONMENTAL COMPLIANCES

KNPL is committed to adhering rigorously to all applicable environmental rules and regulations. Our Company has established strong procedures and controls to ensure compliance with relevant laws and rules. We have put in place a strict tracking and monitoring system to guarantee that our activities always align with these guidelines. Moreover, KNPL complied completely with all environmental laws and regulations throughout the reporting year and did not face any financial penalties or negative consequences due to violations.

Use of Renewable Raw Materials

KNPL actively explores renewable alternatives to the key raw materials we use. This helps us transition towards a circular economy. Renewable raw materials replenish themselves, making them a sustainable alternative to fossil fuel-derived materials. They are more environmentally friendly and often biodegradable. In our Company’s portfolio, renewable raw materials include various types of vegetable oil, fatty acids, glycerine and solvents derived from bio-based sources.

Reduction or Elimination of the Use of Hazardous Substances

Our Company has a sustainability agenda that underscores our commitment to generating value by reducing or eliminating hazardous substances. We identify these materials using the SVHC List (Substances of Very High Concern) & REACH List of Hazardous Substances. KNPL consistently implements measures to limit the use of hazardous substances.

Financial Commitment

We spent ₹15.6 Crores on procuring and upgrading assets for environmental monitoring, effluent treatment, water conservation, energy efficiency, renewable energy harnessing, emergency preparedness and safety equipment at our existing plants.

Independent Assurance

KNPL’s energy management, GHG emissions, water management and waste management disclosures have been independently assured by a third-party external agency following the International Standard on Assurance Engagements (ISAE) 3000. Additionally, assurance has been provided regarding the adherence of these disclosures to the GRI’s Sustainability Reporting Standards. The assurance report can be accessed on our website at: **www.nerolac.com.**

INTELLECTUAL CAPITAL

At KNPL, we prioritise knowledge and continuous growth, recognising intellectual capital as a vital catalyst for our relentless pursuit of excellence. This capital encompasses the collective expertise, insights and innovative ideas that drive our Company forward. By investing in its development and enhancement, we maintain our competitive edge, leading the industry through our indomitable commitment to innovation and progress.

BACKDROP

With years of industry experience and expertise, our Company has developed a profound understanding of paints and coatings. This in-depth knowledge allows us to consistently fulfil our customers' needs and expectations by providing products and services of exceptional quality. Our solid foundation instils trust and confidence in consumers, making our brand highly respectable and reliable. Moreover, KNPL's robust technical capabilities contribute to enhancing customer satisfaction.

Our IT infrastructure further facilitates seamless and convenient interactions with stakeholders, nurturing a sense of trust and assurance in our customers.

R&D Centre at Navi Mumbai

HIGHLIGHTS

19
Patents were filed in total, out of which 11 were granted

2
Patents Filed During the Year

₹42.53 Crores
Invested in R&D During the Year

1
Dedicated R&D Centre in Navi Mumbai

5 Satellite R&D Centres
At respective plant locations (Bawal, Sayakha, Lote liquid, Lote Powder, Hosur)

1 Colour Lab
to create colour shades that help meet customer requirements

RESPONSE

KNPL is dedicated to innovation, constantly pushing boundaries through comprehensive research, trend analysis and cutting-edge solution development. This firm commitment enables us to introduce products that meet evolving consumer needs and keep up with market dynamics. Furthermore, we are committed to fostering sustainability, eco-friendliness and social responsibility through our operations. Additionally, we prioritise these by creating environmentally conscious coatings and adopting sustainable practices to minimise our environmental impact.

To further enhance our Company's capabilities, we tap into the extensive and distinctive knowledge base of Kansai Paint Co., Ltd., Japan, as well as its Group companies worldwide. We maintain collaborations with global technology partners, including Oshima Kogyo Co. Ltd., Japan, Cashew Co. Ltd., Japan, Protech Chemicals Limited, Canada and Kluthe, Germany. These partnerships empower us to develop exceptional products and solutions tailored to the specific needs of our customers. Moreover, by combining the expertise of our global partners with our in-house capabilities, our Company delivers innovative and effective solutions that meet the changing demands of customers.

PRODUCTS/SOLUTIONS DESIGN PHILOSOPHY

At KNPL, our design philosophy revolves around delivering sustainable, resource-efficient and unique features alongside top-quality products and solutions for our customers. This principle is ingrained into every stage of our product development process, ensuring that KNPL's offerings uphold these principles from conception to end-use. Our expertise in polymer chemistry and paint technology, coupled with our innovative thinking, empowers us to craft sustainable and distinctive solutions tailored to our clients' needs.

Our Paint+ commitment mirrors our dedication to offering consumers unique and additional product features. These features are designed to address emerging consumer needs and preferences, providing added benefits beyond the standard offerings. Furthermore, Paint+ signifies our commitment to exceeding customer expectations by delivering enhanced performance features.

BUILDING A FUTURE-READY ORGANISATION

Our Company is committed to achieving unparalleled excellence in research & development (R&D). By leveraging the power of cutting-edge technologies, the Company stands as one of the most advanced and technology-driven organisations in the industry.

Consistently, we invest in strengthening our IT infrastructure and make strategic investments to enhance our capabilities and stakeholder experience.

Through our firm dedication to innovation and technological advancement, we are poised to redefine industry standards. Our relentless pursuit of excellence, coupled with our commitment to pushing the boundaries of what's possible, will enable us to emerge as a true trailblazer, setting new benchmarks.

R&D Lab, Navi Mumbai

New Technology Intervention

KNPL is at the forefront of introducing groundbreaking technologies that meet the stringent requirements of the industry. In the industrial segment, we have implemented multiple technologies that enhance product functionality, reduce resource use and improve performance. These innovations provide customers with products featuring low VOC emissions, a reduced carbon footprint and lower energy consumption. In the decorative segment, KNPL has introduced unique products within the Paint+ range.

Our partnership with Kansai Paint Japan in the automotive sector has resulted in significant progress, including the development of environmentally friendly coatings for 4-wheelers and tailored solutions for 2-wheelers. In addition, our focus on commercial vehicles is evident in developments like the Low Bake 2K PU system, which prioritises longevity and efficiency. Furthermore, our high-performance systems in the field of performance coatings are designed to meet the unique requirements of railways, bridges and refineries in line with current sustainability trends.

KNPL's Exotica Clear Powder stands out in the powder coatings industry for its refined aesthetics and adaptability, making it highly attractive to the OEM (Fan) market. In the coil coating segment, our Company introduced Nerocoil High Build coating with superior long-term performance. Additionally, we demonstrate our dedication to sustainability through technologies like the RETAN WB EV, a next-generation waterborne paint system that prioritises environmentally responsible and efficient solutions for automotive refinishing.

In the decorative segment, KNPL has launched Beauty Little Master Sheen, which has effectively captured the market's attention with its desirable characteristics: a gentle sheen, long-lasting quality and washability, all at an attractive price point. We have also introduced products like Nerolac Perma Crystal Seal, which not only prevents water seepage but also forms crystals when in contact with dampness. Furthermore, our Company offers a range of wood finish, including RTU Acrylic Lacquer, appropriate for enhancing wooden surfaces.

Increasing Digital Capabilities

We are fully committed to harnessing the power of cutting-edge digital and cloud technologies to create world-class solutions and achieve our ambitious business goals and growth plans. Our strategic focus involves implementing robust digital platforms backed by resilient infrastructure and comprehensive security measures.

KNPL is committed to improving customer-facing processes through digital transformation. By leveraging technology in real-time, we aim to make our business processes more flexible and adaptable to market demands. Our digital ecosystem caters to the requirements of various stakeholders, including painters, dealers, architects, interior designers and sales personnel. This robust digital ecosystem ensures a seamless experience for users, streamlining operations and enhancing stakeholder experience, while also providing valuable customer insights.

During the year, KNPL took a significant step by launching the 'Avinya' platform for our employees. 'Avinya' is a digital platform that has helped democratise innovation and collaboration within our organisation. It connects all the employees to collaborate and share ideas on a wide range of themes. This initiative was welcomed by the employees, resulting in over 1,000+ ideas being shared during the year.

We are committed to strengthening our IT landscape with advanced cybersecurity technologies. This approach allows us to strike a balance between security and user-friendliness, ensuring that our IT infrastructure remains robust and accessible to all users. Throughout the year, the incorporation of the SAP procurement portal for indirect purchases has led to streamlined operations and improved efficiency.

Instrument Analysis and Analytical Capabilities

To capitalise on the business potential in niche markets, at KNPL, we have invested in a vacuum metalising setup. This investment intends to enhance our Company's capabilities in the areas of auto ancillaries and cosmetic applications. Vacuum metalising is a process that involves coating a substrate with a thin layer of metal, typically aluminium, to create a mirror-like surface. This technology is widely used in various industries, including automotive and cosmetics, for its ability to create high-quality, reflective surfaces.

By investing in this technology, we are positioning ourselves to enter these niche markets and offer innovative products that cater to the specific needs of these industries. This strategic investment is expected to drive growth and diversify KNPL's product portfolio, ultimately contributing to our overall success.

INNOVATION FOR IMPACT

By touching lives every day, KNPL goes beyond merely providing paint solutions. Our Company aims to contribute to the well-being and happiness of individuals and communities. Our products play a vital role in protecting surfaces from harsh weather conditions and adding vibrant, long-lasting colours to various spaces, whether they are homes, vehicles, or industrial applications.

We recognise the significance of adapting to the ever-changing external environment and are committed to honing our competencies to meet the evolving needs of our customers. Leveraging our technological expertise, we have the capability to develop innovative and high-quality coatings that enhance aesthetics and durability. Through extensive research & development efforts, KNPL aims to introduce groundbreaking products that deliver exceptional performance and cater to the industry's specific demands. Moreover, our goal is to surpass traditional offerings and provide innovative solutions that exceed customer expectations.

CREATING A COMPETITIVE EDGE

Our Company gains a competitive edge by providing paints and coatings that offer distinct advantages over our competitors. By developing paints with unique features, superior performance and enhanced durability, KNPL stays ahead of market trends and understands customer needs, delivering products that meet consumers' evolving requirements, while providing value. We focus on innovation and extensive research to create advanced solutions in niche segments like adhesives and construction chemicals.

This competitive edge enables us to set ourselves apart and attract customers seeking high-quality and innovative paint solutions. By consistently pushing the boundaries of what is achievable in the paint industry, we position ourselves as frontrunners, offering products that not only meet but exceed customer expectations. This commitment to innovation and quality is a fundamental factor driving KNPL's success and growth in the market.

Decorative - Our Edge

- Working on megatrends such as enhancing the life and performance of coatings
- Providing unique features in the products to address customers' changing needs and preferences via the Paint+ range of products

Industrial - Our Edge

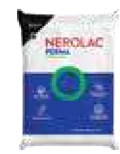
- Best-in-class technical services
- Tin-free CED, stoving primer for 4-W body application and several other products with high aesthetic and functional performance
- Partnerships with experts and customers to foster innovation and colour trends
- Cost-effective and customised solutions to meet customers' unique requirements

Breakthrough Products Launched in FY 2023-24

Deco

Beauty Little Master Sheen

Nerolac Perma Crystal Seal



Auto

- Nano Pretreatment Suitable CED
- Common Base Coat for 3C2B and 3C1B Applications

PC Liquid

- Barrel Enamel for Direct Application on Oily Substrate
- Product with Good Cleaning Efficiency and Anti-Dust Property

Powder

- High-Abrasion Product
- Anti-Static Powder

INDUSTRY KNOWLEDGE & COLLABORATIONS

We have maintained our technological edge in the industrial coatings sector by harnessing the expertise and technical guidance of Kansai Paint Co., Ltd., Japan ('KPJ'), a leading global player with extensive experience in designing and developing technology. Together, KNPL and KPJ craft custom paint and resin formulations tailored to Indian customers' needs. Additionally, KPJ imparts its understanding of emerging global colour trends and provides top-tier technical assistance to Indian clients, leveraging its global experience.

Furthermore, we collaborate with Kansai Group companies worldwide to offer Indian customers differentiated technologies

Products with Superior Quality

Deco

Excel Total PU Floor Coat

Impressions Kashmir Hi Sheen

Auto

- Primer with Wider Line Workability, Higher Spray Solids, Better Appearance and Recoat Adhesion
- Products with Superior Weathering and Durability

PC Liquid

- Primer with Excellent Filling Properties
- Excellent Fast-Drying Primer for Wet-on-Wet Application

Powder

- Product with Excellent UV Resistance

Product for New Segments/Business

Deco

Nerolac Crystalline Products

Nerolac Perma Neroshield HDPE

Auto

- High Acid Etch Resistance and Appearance for Alloy Wheels
- Low-Bake Product Common for Metal and Plastic Substrate

PC Liquid

- Product with Excellent Flexibility and Non-Yellowing after Multiple Overbaking for Can Coating

Powder

- Metallic Liquid to Powder Conversion

across various end-user industries. This global network of expertise enables our Company to provide a wide range of advanced solutions to our customers, further solidifying our position as a leader in the coatings industry.

WAY FORWARD

We strive to develop innovative solutions that provide unmatched quality and unique value to our customers, drawing on our R&D insights and core competencies. KNPL recognises the crucial role of capability building in fostering innovation and driving business excellence.

In addition, our Company is firmly committed to sustainability, offering products and solutions that not only deliver enhanced performance but also embody sustainable practices. By consistently improving and expanding our offerings, we aim to stay at the forefront and provide exceptional value to our customers.

At KNPL, innovation and sustainability drive our growth and success in the market. By leading the charge in technological advancements and deeply understanding the specific needs of different sectors, we aim to craft products and solutions tailored to meet the evolving requirements of our customers. This not only ensures customer satisfaction but also contributes to their overall well-being.

FINANCIAL CAPITAL

One of our major competencies is cost leadership, critical for establishing operational excellence. We are always looking for profitable growth opportunities supported by customer feedback, research and development, sustainable solutions and enhanced customer service. We view financial capital as a tool of building wealth for our shareholders via the prudent use of the Company's and community's resources.

BACKDROP

The deflationary trend which started towards the end of previous financial year continued in FY 2023-24

RESPONSE

KNPL's EBITDA increased to 13.8% for the year, up from 11.2% in the previous year. Details on financial capital performance can be found in the statutory part and later sections of this report. Our Company maintains an apolitical stance and does not support any specific political party or candidate for political office. Furthermore, we did not offer or provide any Company funds or property as donations to any political party, candidate, or campaign during the year.

TAKING THE RIGHT DECISIONS

Our Board of Directors are responsible for making all strategic economic decisions. These decisions are then carried out by the Managing Director, other members of the Management Committee and department heads as necessary for day-to-day business operations.

NET REVENUE

₹7,393.30 Crores

Recording a growth of 4.4% over the previous year.

EBITDA

₹1,022.88 Crores

An increase of 28.8% over the previous year.

STRATEGIC CAPITAL INVESTMENT

₹237.24 Crores

Spent on capital expenditure for various projects.

WAY FORWARD – BUDGETING AND CONTROL

At KNPL, the agenda and preparations for the upcoming fiscal year are meticulously laid out at the start of the year. This comprehensive process involves formulating and developing a detailed yearly business plan encompassing all aspects of our operations and strategies. A detailed annual budget is prepared by the Management Committee, which includes functional heads, Managing Director and then approved by the Board of Directors, based on the annual business plan and macro environment, including currency value, raw material costs and energy costs, among other things. The functional heads and the Management Committee review the budget regularly. The Company monitors the budget using several IT platforms and has devised multiple system checks to keep it under control.

MANUFACTURED CAPITAL

At KNPL, we are recognised for our focus on manufacturing excellence, innovation and delivering high-quality paint solutions to our customers. As a conscientious and responsible corporation, we acknowledge the significance of sustainability for long-term success. Therefore, we are dedicated to adopting green and sustainable practices throughout our value chain. Safety is of paramount importance to us and our Company has implemented various measures to promote a strong safety culture. Additionally, our commitment to quality, reliability and exceptional customer service has enabled us to establish a positive brand image and maintain a strong reputation.

BACKDROP

Our manufacturing facilities are crucial for meeting the demand for automotive coatings, industrial coatings, powder coatings and decorative paints. Quality is of utmost importance, as it directly impacts the performance and durability of our paints. Hence, we prioritise investments in advanced technology and equipment to ensure that our products meet the most stringent quality standards, while minimising their environmental impact. Furthermore, with an extensive product portfolio, including automotive coatings, industrial coatings, powder coatings and decorative paints, we offer our customers a diverse range of options to choose from.

RESPONSE

KNPL is renowned for offering industry-leading quality products and services, backed by a firm commitment. Our Company's capability to consistently elevate standards is propelled by our adaptability to the ever-changing business landscape and our drive to innovate. We aspire to set the benchmark for ethical manufacturing in the paint industry by leveraging our strong organisational culture, technological expertise, agility and innovation.

OUR FOCUS

- Enhancing productivity and operational efficiency
- Embedding safety culture in every aspect of the organisation
- Enhancing product quality for customer and consumer satisfaction through quality control and quality assurance
- Utilising digital capabilities and new technology
- Improving service levels by focussing on agile manufacturing.
- Strengthening integrated supply chain function
- Providing subsidiary support
- Optimising overhead expenses
- Engaging with people and fostering a collaborative approach
- Adopting and driving clean and green initiatives

HIGHLIGHTS

4 Subsidiaries

1 in India, 3 international (Nepal, Sri Lanka and Bangladesh)

8 Strategically located manufacturing facilities

112 depots and 7 RDCs serving customers PAN India

160 X-matrix

Projects undertaken

11,000+ Kaizens

Received across all plants

10+ Awards

Received from CII, Frost & Sullivan, QCFI and other prominent bodies

MANUFACTURING FOOTPRINT

KNPL's strategic footprint covers the country with manufacturing operations in India, encompassing 8 facilities, 3 international subsidiaries and 1 Indian subsidiary. This geographical distribution of manufacturing units for both decorative and industrial segments enable us to effectively meet the diverse requirements of customers across India. Our manufacturing facilities are equipped with state-of-the-art technologies and automated systems to improve operational efficiency and quality control. Furthermore, we are committed to pursuing innovative solutions that address efficiency, financial viability, process security and environmental sustainability.

CAPACITY ADDITIONS

At KNPL, we undertook the following capacity additions in the reporting period to meet growing customer demands and align with our investment plans:

Jainpur Plant

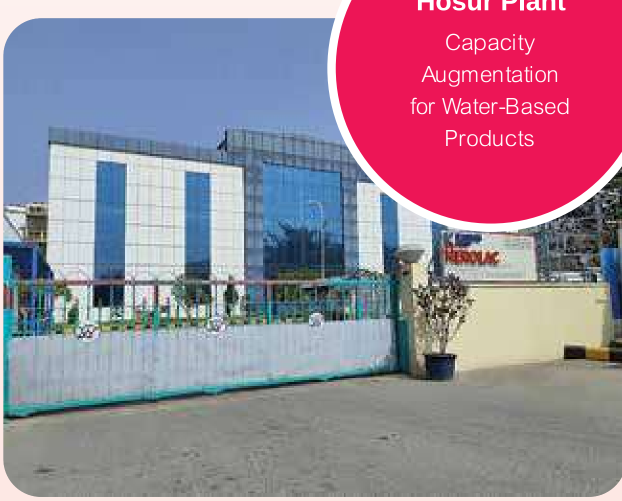
Augmented Capacities for Alkyd Resin and Emulsion

Sayakha Plant

Resin Capacity

Hosur Plant

Capacity Augmentation for Water-Based Products



Internal Capacity Creation

Through Debottlenecking, Resource Utilisation, New Technology and Innovative Projects

DECORATIVE SEGMENT

Our Company operates manufacturing plants in Hosur, Jainpur, Lote, Goindwal Sahib and Sarigam - all catering to the decorative paint segment. We offer a comprehensive range of products, including interior and exterior paints, designer water-based finishes, enamel, primers, wood finish, waterproofing solutions, adhesives, construction chemicals, as well as niche products and soldier paints.

Our state-of-the-art production facilities are agile and offer economies of scale. They can produce a diverse range of product streams, ensuring flexibility and efficiency in meeting customer demands.

KNPL's commitment to upholding high-quality standards and continuously improving operational excellence through various initiatives is evident. These initiatives include innovation, digitalisation, process standardisation and utilisation of new technologies, as well as reviewing and standardising Standard Operating Procedures (SOPs).

Furthermore, KNPL's operational excellence is supported by advanced systems, modern technologies and innovative tools and techniques that enable us to deliver superior products and maintain high-quality standards to consistently meet customer expectations across all our operations.

INDUSTRIAL SEGMENT

- Positioning manufacturing plants strategically in Bawal, Sayakha, Lote, Hosur, Jainpur and Marpol enables the provision of JIT (Just in time) services to customers.
- Offering an extensive portfolio of industrial coatings, including a range of automotive coatings, powder coatings, performance coating liquids (covering both general industrial and high-performance coatings) and auto refinish solutions.
- Equipping manufacturing facilities with state-of-the-art infrastructure and employing cutting-edge technology to deliver customised and innovative solutions tailored to meet the customer's requirements across diverse industries with high safety standards.
- Enhancing product quality by incorporating leading technology equipment, high-end robotic bells and paint booths to replicate OEM line conditions, while implementing low-cost automation.
- Undertaking joint projects with OEM customers [through a Value Analysis/Value Engineering (VA/VE) approach] to reduce their carbon footprint, save energy and benefit operational parameters.
- Maintaining a close industrial collaboration with KNPL's parent company, Kansai Paint Co., Ltd., Japan ('KPJ'), along with other group companies, to leverage their advanced technological developments for introducing innovative products and home-grown technological solutions to drive efficiencies and cost savings throughout the supply chain.
- Ensuring the implementation of top-tier quality and manufacturing practices, along with high safety standards across all shop floors.
- Our commitment to manufacturing excellence is fortified by the utilisation of advanced digital enablers, data analytics, training & effectiveness and technologies, enabling us to drive efficiency and innovation throughout our operations.

CERTIFICATIONS

	Bawal	Hosur	Jainpur	Lote	Sayakha	Goindwal Sahib	Perma, Sarigam	Marpol, Goa
IATF 16949: 2016	Yes	Yes	Yes	Yes	Yes	NA	NA	NA
ISO 9001:2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
ISO 14001:2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*
ISO 45001: 2018	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*
ISO 50001: 2018	WIP	WIP	WIP	WIP	WIP	Yes	No	No

* Under Issuance

TECHNOLOGY-ENABLED OPERATIONAL EXCELLENCE

Operational Excellence

Expanding 'Operational Excellence' from plant operations to depots and customers to enhance customer satisfaction and meet market requirements. Various improvement initiatives involving cross-functional teams have helped improve operational cost, quality and delivery parameters. Moreover, a focussed analytical approach, along with the continued use of concepts, such as MOST (Maynard Operational Sequential Technique) and Kaizen philosophy, has enabled the implementation of best practices and the streamlining of work processes across KNPL's manufacturing units.

Capability Building

Nurturing new talents while maintaining a balance with our senior team is a key aspect of our Company's culture and manufacturing sites. We provide periodic training to ensure that our employees, whether new joiners or experienced staff, stay updated and enhance their skills. These trainings cover a range of topics, including the 7 quality tools, DMAIC approach, basis statistical tools and techniques, graphical analysis, Jishu Hozen, 5S concept, MOST (Maynard Operation Sequence Technique), MSA (Measurement System Analysis) and SPC (Statistical Process Control), all aimed at fostering a culture of excellence.

Initiatives to Drive Excellence

Kaizen & Six Sigma Methodology

Organising monthly theme-based Kaizen for quality improvement activities, focussing on creating a safer workplace, reducing MTTR (Mean Time to Repair) Reduction, minimising NVA (Non-Value Added) activity and addressing safety protocols, among others. These themes aim to drive excellence in core KPIs like productivity, quality, cost, delivery, safety and morale.

Utilising innovative filtration methods to improve intermediate product quality and reduce waste.

Conducting GEMBA visit/audits to plant and depots to address issues and improve quality.

Ensuring quality defect reduction by focussing on 'First Time Right' (FTR) and implementing 'End-to-End Quality Improvement' - from raw material to product application.

Incorporating improvement in filling compliance through multiple Kaizen initiatives and enhancements in filling lines for decorative products, as well as capitalising on low-cost automation for performance improvements.

Implementing in-house modifications to reduce process time, particularly in grinding and dispersing, which also impacts overall Batch Cycle Time (BCT) reduction.

Digitalisation

Digitalisation has enabled KNPL to establish a smart manufacturing environment at the Hosur Powder Coating section, where process & utility equipment are interconnected with IoT platforms, making the equipment automated. This has resulted in increased Overall Equipment Effectiveness (OEE), higher output and improved quality control. We have implemented real-time monitoring of production processes to ensure optimal output and maintain high-quality standards. Additionally, our Company has introduced IoT-based predictive maintenance as part of our asset performance management to improve equipment reliability, performance and safety.

Furthermore, our Company has incorporated an Artificial Intelligence (AI)-based process control system into our water-based plant to ensure highest standards of quality. Plans are underway to implement AI across our operations, which will enhance operational efficiency, optimise parameters and enable quality prediction. These initiatives are aimed at securing a competitive edge in the global market. Additionally, we plan to extend the digitalisation project to our resin stream, with expected results starting in FY 2024-25.

Key Awards

The Sayakha Plant has been awarded the esteemed Gold Category at the India Manufacturing Excellence Award Assessment 2023, wherein 80+ companies including OEM's, FMCG and leading corporates participated in the event. KNPL excelled in Customer Focus, Visual Management, Orderliness, Safety and Environment, outperforming competitors in the Process Industry segment.

Kansai Nerolac Paints Hosur Plant was conferred with the Gold Award at the International Convention on Quality Control Circles 2023 hosted in China, where 13 countries participated. This convention focussed on case studies related to approaches such as Six Sigma, Kaizen and 5S.

New Technology/ Innovation

KNPL implemented new technology initiatives to reduce Batch Cycle Time (BCT) in water-based, solvent-based paint manufacturing. This optimisation effort resulted in cost savings, improved production efficiency and a reduction in carbon footprint.

R&D Lab, Navi Mumbai

Safety and Employee Engagement

Our Occupational Health and Safety Management System adheres to ISO 45001 standards. We have established a strong safety infrastructure and implemented appropriate safety procedures across all our activities. Continuous improvements in infrastructure are incorporated to ensure the highest degree of fire safety in our facilities, including chemical storage safety.

The Manufacturing Plant's Safety Committee, along with our thorough hazard identification and risk minimisation system, play critical roles in ensuring a safe workplace. To instil a 'Safety-First' mentality among employees, KNPL frequently conducts training and awareness activities. Our employees actively participate in programmes, which include Six Sigma, Poka-Yoke, Kaizen contests, horizontally applied Corrective and Preventive Actions (CAPA) and improvement projects.

IMPROVEMENTS IN QUALITY, PRODUCTIVITY AND EFFICIENCY

- Streamlining production to increase quality, boost worker productivity and reduce waste production
- Sustaining attention to asset utilisation through SAP, process optimisation, cutting-edge technology and internal capacity creation, including the implementation of an energy management system
- Focussing on an 'End-to-End Improvement' approach for quality improvement (from raw material to Finished goods application)
- Leveraging modern diagnostic technologies to analyse present assets in terms of usable life and improve utilisation
- Revisiting the Maynard Operations Sequence Technique (MOST) to improve workforce efficiency (both white and blue collar) and Measure of Performance (MOP)
- Implementing various cost-cutting theme programmes aimed at reducing power & fuel, General Works Charges (GWC) and spares and consumables costs
- Conducting Quality-Kiken-Yochi Training (Q-KYT), 3S and 4M analysis for quality improvement

MAINTENANCE STRATEGY

Optimal maintenance practices are crucial to ensuring seamless production operations and minimising unplanned downtimes. The primary causes of downtime stem from inadequate maintenance protocols, a lack of spare parts availability, subpar strategies and skill deficiencies. To address these issues, KNPL has devised a multifaceted maintenance excellence strategy, encompassing critical maintenance facets to maximise equipment uptime.

01 Manage and Optimise Spare Inventory

02 Standardise Preventive Maintenance and Adhere to Schedule

03 Develop and Document SOPs for Critical Maintenance Processes

04 Implement Predictive Maintenance for Critical Equipment. Use of IoT for Maintenance in Powder Coatings section

05 Build skills - SMEs for Electrical and Instrumentation Areas

06 Leverage SAP for Process Changes and automation. Use of Advanced tools and Tackles to Reduce Equipment Downtime

KNPL's strategy is rooted in Plan, Do, Check and Act (PDCA) principles. We have developed specific metrics in these areas to monitor the health of maintenance sub-processes and make necessary corrections. Additionally, we benchmark with industry best practices.

To further advance towards world-class maintenance excellence, we explore and leverage new technologies in the maintenance field.

SUPPORTING THE SUBSIDIARY COMPANIES

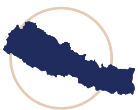
Throughout the reporting period, our main focus was on enhancing operations within our subsidiary companies. Our Company achieved this by implementing successful practices established at KNPL and nurturing employee capabilities through various engagement initiatives.

Nerofix-India

Established Operational MIS and Review Mechanism

Bangladesh

Focussed on Capability Building



Nepal

Incorporated Best Practices

Sri Lanka

Prioritised Total Productive Maintenance (TPM)

In our effort to strengthen manufacturing capabilities at our subsidiaries, we implemented several supporting initiatives. These initiatives encompassed:

- Sharing periodic knowledge and guidance from the KNPL plant
- Adopting 5S and safety training practices
- Undertaking projects to reduce spare and repair costs
- Optimising workforce deployment
- Calculating productivity gains

These efforts resulted in an increase in workforce productivity. We also focussed on reducing costs and enhancing productivity through the implementation of Kaizen methodologies, particularly in addressing work-off, reducing SPC and resolving operational pain points. Collectively, these measures led to a proportional decrease in process costs and significantly improved overall operational performance.

Warehouse Safety address at Sayakha Plant

KEY THEMES

- **Core KPIs** Cost Optimisation, Productivity Enhancement, Yield Improvement and Safety Excellence
- Subsidiary Support
- Innovation, New Technology and Digitalisation
- Actionable Alignment Based on Internal & External Benchmarking
- Adoption of Best Practices (ENCON - Power Factor, Solar Power, Safety, Water Conservation and Waste Reduction)
- Training and Awareness Sessions, Periodic Audits and Reviews

STRENGTHENING THE SUPPLY CHAIN

KNPL underscores the importance of a well-optimised supply chain to meet customer demands, minimise lead times, reduce costs and enhance overall operational efficiency. Strategies like continuous improvement, supplier collaboration, adoption of advanced technologies and effective demand forecasting are key to building a robust and agile supply chain.

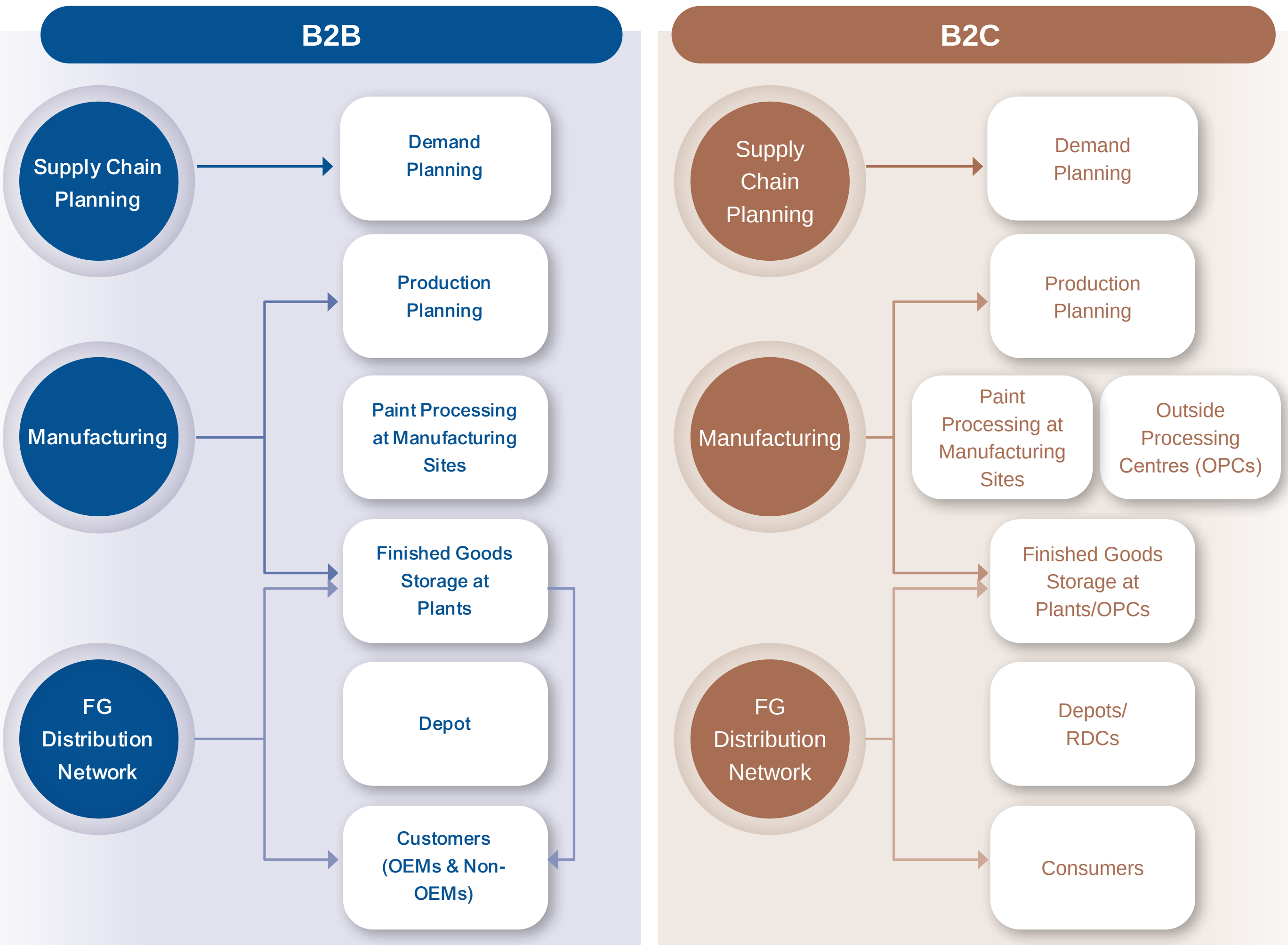
KNPL's integrated supply chain enables effective service to both industrial and decorative customers through a well organised planning and distribution strategy.

Industrial Customers - Pull Type Operations

Decorative Consumers - Push Type Operations

HOW THE SUPPLY CHAIN WORKS

A production plan is developed based on the planning process. The plan provides instructions to the manufacturing team regarding the finished goods to be produced and guides the purchase department on which raw materials to procure.



To ensure timely service to our customers, we identified single-source suppliers and deployed appropriate alternatives.

WAY FORWARD – HOLISTIC IMPROVEMENTS

KNPL's future strategy involves expanding manufacturing capabilities to meet market demand through capacity growth, product innovation, operational excellence, quality assurance, sustainability initiatives and capability development. Currently, our Company is developing a future-ready manufacturing system that is flexible, robust, customer-centric and sustainable by prioritising innovation and digital activities. Furthermore, we are committed to safeguarding the well-being and protection of our workers, customers and the communities in which we operate by focussing on safety excellence.

SOCIAL AND RELATIONSHIP CAPITAL

At KNPL, we recognise that our Company’s long-term success is closely linked to the strength of our relationships with stakeholders. We firmly believe that nurturing our social and relationship capital can provide valuable and growth-oriented benefits to our stakeholders. Our journey towards inclusive growth involves the participation of our customers, supply chain partners and the broader community. Focussing on ethical practices, we aim to build our reputation as an organisation that highly values and harnesses the potential of social and relationship capital.

BACKDROP

At KNPL, we have always greatly emphasised infusing innovation throughout our product offerings. Recognising the gradual shift in customer preferences, our Company has been committed to delivering a unique value proposition. Our close collaborations with suppliers have been instrumental in driving business growth. On the other hand, our commitment to maintaining harmonious relationships with local communities has allowed us to uplift the lives of community members responsibly. This belief in collaborative action has consistently inspired us to design solutions that can touch lives.

RESPONSE

As a Company, we thrive on the strength of the extensive and diverse customer base representing our industry. We cultivate our customers' trust and nurture our relationship with them to consistently provide them with high-quality products and services that exceed their expectations. A vast network of suppliers and dealers facilitates our supply chain efficiency. We communicate with them regularly to foster mutual understanding and drive value for both sides. Additionally, our commitment extends beyond business transactions, evident from our active engagement in social outreach programmes and CSR initiatives aligned with the United Nations' Sustainable Development Goals. These initiatives help build social stability and empower local communities, strengthening our stakeholder relationships and enhancing social value. Going beyond traditional business practices, we harness innovative technologies, products and initiatives to collaborate with communities effectively and supporting their comprehensive development plans actively.

Focus of Our Response

- Delivering a superior customer experience
- Strengthening relationships with supply chain partners
- Touching lives across the community

DELIVERING A SUPERIOR CUSTOMER EXPERIENCE

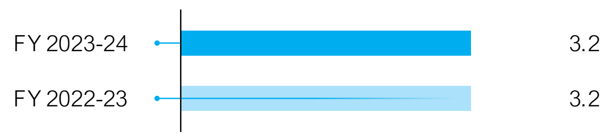
In this ever-evolving business landscape, we aim to grow by adding value through sustainable, cost-effective and efficiently tailored solutions.

For our Company, ensuring customer satisfaction is of utmost importance and we proactively take the following measures to surpass expectations:

- Understand diverse customer needs and provide unique solutions to address those using advanced technologies
- Use omnichannel integrated marketing to communicate responsibly and establish a strong connect with key stakeholders
- Regularly monitor and assess satisfaction levels among different client groups
- Maintain a comprehensive record of client attributes, considering their objectives and expectations
- Devise strategies for deeper customer and influencer engagement using digital platforms and physical infrastructure
- Utilise our NxtGen painting service to cater to diverse painting needs of the consumer
- Enhance customers' retail experience through NxtGen Premium Shoppe and Shop-in-Shop

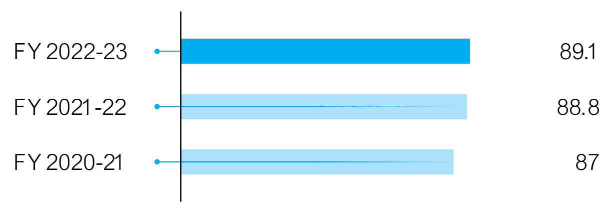
Brand Equity Index

Nerolac has consistently maintained a strong Brand Equity Index (BEI) score for the customers surveyed during the year



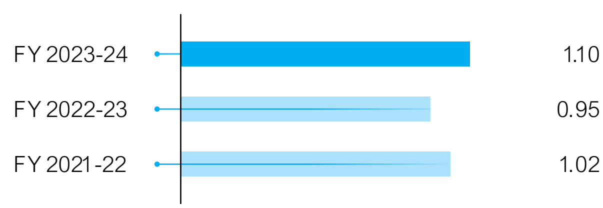
Customer Satisfaction Index

(Assessment Year)



Customer Complaints per Batch

(%)



Customer Centricity

KNPL's pioneering concepts and technology-infused paint solutions strengthen our Company's commitment to prioritising customer interests.

In the Industrial business, we provide our clientele with unique and customised solutions using high-end technologies. We embrace environmentally friendly, resource-efficient technologies such as low-bake, high solids, low-VOC, monocoats and direct-to-metal applications. These technologies effectively improve productivity, reduce emissions and promote energy efficiency at our customers' end.

In the decorative business, our focus is on providing low-VOC, heavy metal-free and sustainable products to our customers. We incorporate unique features and functionalities into our paints via our Paint+ product range to meet our customers' needs and preferences. Our Company also introduces new products continuously to address their diverse requirements. Apart from this, we expand our product portfolio to include a wide range of products to cater to segments such as construction chemicals, wood finish and adhesives.

At KNPL, we provide customers with an engaging and effective retail experience through our NxtGen Shoppe and Shop-in-Shop retail outlets. Our Company invests in digital infrastructure to provide seamless and hassle-free painting services to customers. Additionally, we employ digital tools like Paint Budget Calculator, Colour Picker and Colour Visualiser, which use the latest trends, colours and aesthetics to help customers select paints and colours effectively.

Product Responsibility & Safe Usage

Our Company provides all essential information about our products' physical dimensions and/or chemical compositions through the product labels/pack declaration and/or catalogues. This information is also readily available on our Company website.

KNPL discloses the directions for using the products, their relevant environmental parameters and instructions on their safe disposal on the packaging to educate consumers about their safe and responsible usage. The Product Data Sheet includes all information regarding our products, while the Material Safety Data Sheet (MSDS) is available to customers on our Company's website. The MSDS includes the product's description and information on its performance, features & benefits, application and usage, precautions for safe use and technical data.

Customers can access the required information on our products and services at our website: https://www. nerolac.com/. We also have a dedicated consumer helpline number: 1800-209-2092.

We promote our products and enhance our brand value based on our merit, without infringing on the rights of others through unscrupulous means. We only associate with respectable advertising companies that are members of The Advertising Standard Council of India (ASCI) and willingly adhere to the Council's marketing communications criteria.

WAY FORWARD

Building upon KNPL's achievements from the previous fiscal year, our emphasis for the upcoming year is to enhance customer satisfaction further. We strive to maintain our leadership position in industrial coatings and expand our customer base in the decorative segment though our initiatives from recent times. Our plan is to allocate strategic investments to markets and segments where we hold a competitive edge. At the same time, we will explore opportunities in new markets to foster organic growth and broaden our market presence. These well-planned initiatives aim to fortify customer relationships and ensure exceptional satisfaction across our range of offerings.

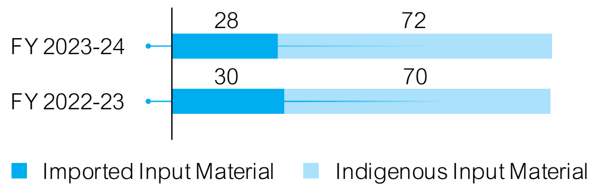
Awards and Recognitions

As we reflect on the past year, we are honoured to highlight the numerous accolades received from our valued customers. These instances of appreciation recognise our continued dedication to delivering exceptional products and services. Our Company's commitment to quality, reliability and customer satisfaction has earned us the distinction of the 'Best Vendor' from Honda Car India Limited and 'Best Supplier' from Toyota Kirloskar Motors.

STRENGTHENING RELATIONSHIPS WITH SUPPLY CHAIN PARTNERS

At KNPL, our long-term performance and brand value majorly rely on our supply chain sustainability. To fulfil these requirements, we prioritise close collaboration and cultivate trusted, mutually beneficial relationships with our supply chain partners.

Promoting Local Procurement



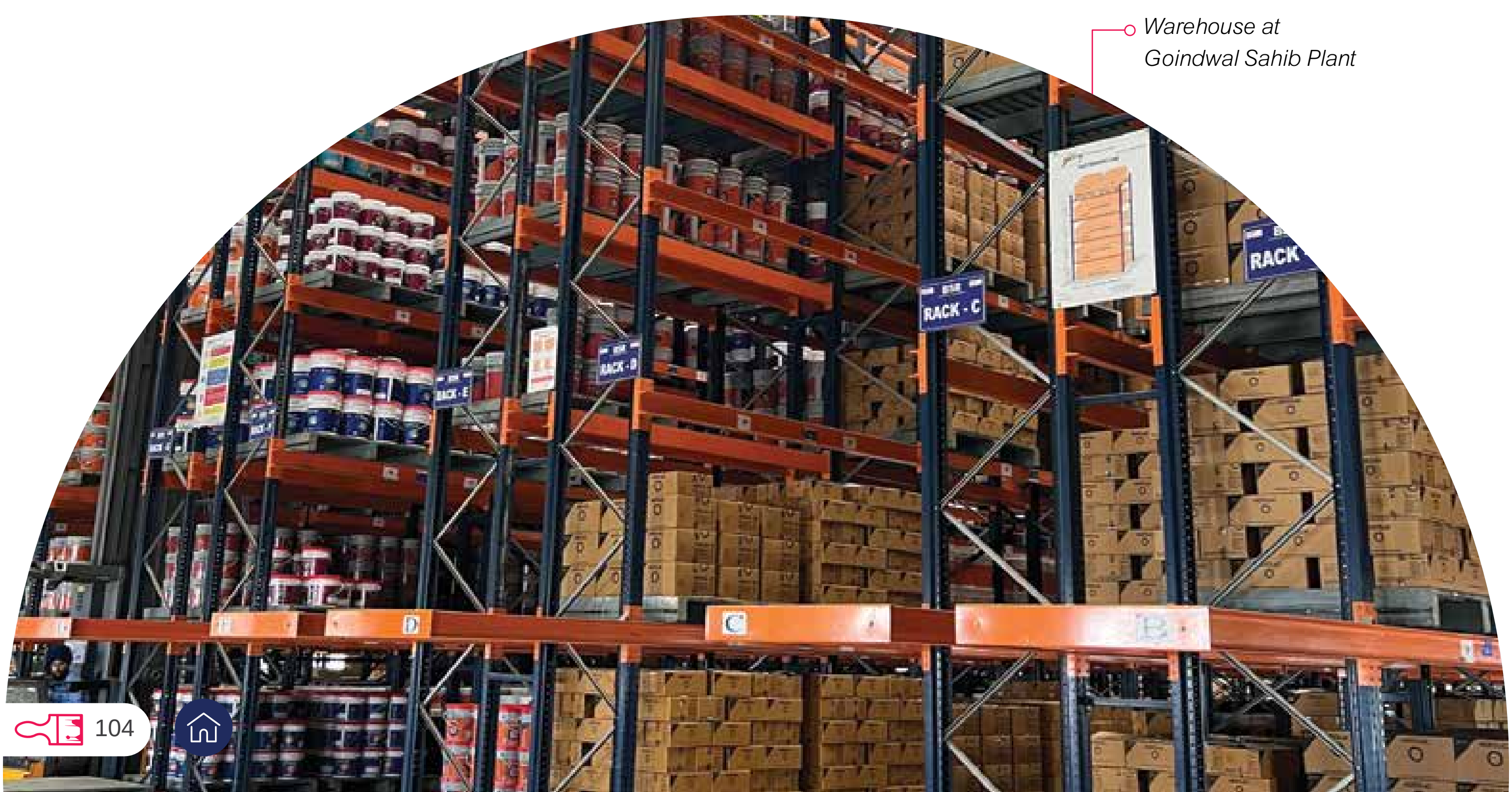
Emphasising Local Expansion

Recognising the importance of high-quality raw materials for our Company's operations, we have established a network of over 500+ direct raw material suppliers. We actively promote local sourcing to enhance the local economy, streamline logistics and minimise transportation-related environmental effects. Most of our packaging materials are sourced from within a 10-kilometer radius of our manufacturing facilities. This advantage allows us to prioritise proximity and reduce our carbon footprint. Through such efforts towards localisation, we invest in local growth, fostering sustainable practices while maintaining the quality standards essential to our business

Supply Chain Ethics

Our Company highly emphasises implementing ethical practices throughout our supply chain. To achieve this goal, we educate and inform all our supply chain partners proactively about our Supplier Code of Conduct. This Code emphasises the principles of fairness, transparency, respect for human rights, adherence to environmental legislation and standards, and compliance with health & safety requirements. We strive to foster responsible conduct, promoting ethical interactions and upholding social and environmental responsibility across our supply chain.

Warehouse at Goindwal Sahib Plant



Supply Chain Engagement

The Annual Supplier Conference for all our Company's suppliers and vendors was held in Mumbai. The event was organised to connect, network and showcase our goals and plans with our supplier partners. The event was based on the theme of 'ICE – Innovation, Collaboration, Empowerment'. Many of our suppliers were awarded for innovation and collaboration in an effort to acknowledge their excellence in these categories and also to signify the importance of these values.

MD's address at Annual Supplier Conference

Annual Supplier Conference

Establishing a Sustainable Supply Chain

Proactively engaging with our supply chain partners is central to our sustainable supply chain strategy. To this end, we conduct virtual training and awareness sessions on Environmental, Social and Governance (ESG) principles. These sessions showcase KNPL's journey and convey our expectations from our value-chain partners to help drive their excellence. By fostering such collaboration and knowledge sharing, we aim to build a sustainable supply chain aligning with our values and contributing to a more responsible and ethical business ecosystem.

Regular Supplier Audits

We perform audits to maintain high operational standards as part of our Due Diligence requirements. Regular supplier audits are conducted to assess their performance, with an extensive audit system including on-site factory visits to evaluate suppliers. During FY 2023-24, we conducted supplier audits for 15+ suppliers and a collaborative test with the vendors to enhance quality. To evaluate our supplier partners, we consider several parameters, such as quality and process control, statutory compliances, sustainability initiatives, documentation and data controls, health & safety measures, material handling/storage, human rights and fair-trade practices.

TOUCHING LIVES – ACROSS THE COMMUNITY

As a responsible corporate citizen, we firmly believe in ensuring the well-being of society. Embracing a partnership approach, we actively engage in meaningful initiatives that promote shared progress and inclusive growth. These endeavours complement our core business proposition, which revolves around encouraging well-being through colours. We combine our business goals with a genuine commitment to societal welfare, creating a positive impact and contributing to the holistic development of the communities we serve. Our approach reflects the belief that achieving success requires both our business and the wider society to thrive together.

Through our CSR intervention, we brough positive change in the lives 46,000+ people.

CORPORATE SOCIAL RESPONSIBILITY

At KNPL, our CSR activities are monitored and guided by a dedicated Corporate Social Responsibility (CSR) Committee, adhering to the provisions of Section 135 of the Companies Act, 2013. This committee ensures the fulfilment of our Company's CSR objectives and facilitates efficient allocation and utilisation of resources. Our CSR Policy serves as a guiding principle for our community stewardship activities and is regularly reviewed and updated as per the need. To engage in the CSR initiatives, we collaborate with our team, NGO partners and Government entities. Employees are actively encouraged to volunteer their time and skills in these endeavours. These dedicated CSR efforts help uphold our commitment to creating a positive impact and ensuring the well-being and development of the communities we serve.

To ensure an effective and structured approach to CSR, we have implemented the following key elements as part of our CSR charter

- Stakeholder Consultation
- Need Assessment
- Identifying Potential Opportunities
- Periodic Monitoring and Evaluation
- Stakeholder Engagement during Implementation
- Resource Mobilisation and Planning

Our CSR initiatives focus on the following key area

- Livelihood & Skill Enhancement
- Rural/Community Development
- Ensuring Environmental Sustainability
- Preventive Healthcare and Sanitation
- Promoting Education
- Restoration of Buildings & Sites of Historical Importance

Setting up of toilet facilities as part of CSR initiative

Livelihood & Skill Enhancement

As part of our CSR initiatives, our Company trains unemployed youth to enhance their capacity and skill-sets through our Mobile Training Academy and Women Empowerment initiatives through livelihood intervention

We also recently conducted a transformative 3-day workshop titled 'Basic Training in Painting' for women in Lucknow. The initiative aimed to empower and enhance the painting skills of women from neighbouring rural areas. This comprehensive workshop provided participants with a blend of theoretical and hands-on training, fostering their creativity and expertise in painting. By extending such opportunities, we aspire to facilitate the socio-economic development of the community and enhance the participants' skills for a brighter future.

Preventive Health Care and Sanitation

Near our Goindwal Sahib Plant, we organised a 'Eye Checkup and Cataract Surgery' camp with a profound social cause — extending support to the area surrounding the Plant. The initiative aimed to address the critical issue of vision impairment. Through this camp, we provided essential eye checkups and conducted cataract surgeries, ensuring quality healthcare facilities for those unable to access the same. Aligning this community-focused healthcare initiative with our corporate efforts, we strive to make a positive impact on the well-being of the local population.

Basic Training on Painting for women

Eye Checkup and Cataract Surgery Camp

Stitching Training Course organised for women

Health Checkup Camp

Ensuring Environmental Sustainability

KNPL undertook a tree plantation drive in various locations near our Jainpur Plant in Kanpur. We employed the environmentally conscious 'Miyawaki Technique,' during this drive, with the aim to enhance ecological sustainability and biodiversity. This innovative method involves planting a diverse array of native species in a dense, multi-layered pattern, fostering rapid growth and creating a resilient and self-sustaining ecosystem. Such green initiatives embody our dedication to promoting environmental conservation and building a healthier and more sustainable future for the communities we serve.

Tree plantation activity carried out using 'Miyawaki Technique'

Promoting Education

In our commitment to promoting education, we recently distributed Anganwadi Kits to newly established Model Anganwadi Centres near the Jainpur Plant in Kanpur. This initiative to support education for children garnered appreciation from the honourable Governor of Uttar Pradesh. Additionally, we actively collaborate with various educational institutes to advance learning in rural areas, offering educational training and guidance to underprivileged students. Our endeavours extend to renovating science labs, providing drinking water facilities, installing solar power equipment and constructing boundary walls and classrooms at diverse schools and educational institutions. Through these initiatives, we aspire to contribute significantly to the enhancement of educational infrastructure.

Acknowledgement of KNPL's commendable efforts in promoting education

Rural/Community Development

We recently undertook several important initiatives to support the local communities surrounding our plants. We painted boundary walls with various environmental slogans to raise awareness about sustainability and conservation. We also carried out fencing and maintenance work to improve the safety and appearance of the areas. Most significantly, we worked hard to provide basic infrastructure and facilities to the rural communities living in the nearby areas. Our goal was to improve their overall living standards by ensuring access to essential services and resources. Through these efforts, we aim to be a responsible corporate citizen and give back to the communities that host our operations.

Boundary wall painting under CSR


Fencing and maintenance work near our plant

Promoting Tribal Art

KNPL's CSR initiative, Nerolac Art Tales, showcased a stunning mural themed around the 5 Elements of Nature, created by Tribal Groups and Art students. Artists from the Sohrai Tribe participated in this activity, whereby we partnered with the NGO 'A Hundred Hands' to highlight the 'Importance of Harmony with Tribal Art'.


Tribal Art made by Sohrai tribe

HUMAN
CAPITAL

At KNPL, we are committed to the belief that people are essential to our organisation's success. They are the essence of our organisation and their talent, dedication and creativity are the driving factors behind our growth and progress. We foster a performance-driven environment to nurture a culture that puts people at the centre. We set high expectations and provide our employees with the necessary resources and support to excel. By nurturing a culture that values innovation, collaboration and empowerment, we inspire our employees to push boundaries, take risks and continuously pursue greatness.

BACKDROP

KNPL is dedicated to developing a highly skilled workforce in line with our future-oriented vision and organisational values. Through our performance-driven culture, we motivate employees to strive for excellence, resulting in the continuous enhancement of our organisational capabilities and the delivery of exceptional results.

We actively encourage our employees to think innovatively, explore new possibilities and offer their unique perspectives to drive meaningful change. To nurture a dynamic culture of innovation, we launched the Avinya platform, a digital space where employees can share their ideas on multiple themes. This platform allows cross-functional teams to collaborate and transform these ideas into reality, harnessing the collective creativity of our workforce.

RESPONSE

Our dedication to employees is evident in the vibrant and enriching work environment we create. Through continuous engagement and collaboration, we recognise that our human capital forms the solid foundation of the organisation, driving us towards excellence aligned with our visionary goals. We empower our future leaders by entrusting them with key project interventions, enabling them to shape the strategic direction of our Company. Our goal is to foster ownership and accountability, while nurturing their professional growth through opportunities to lead and contribute at higher levels.

OUR APPROACH

We have identified five core areas to nurture our human capital:

- Building a culture of Innovation, Collaboration and Empowerment
- Promoting diversity and inclusivity
- Engaging employees, enhancing well-being and building capabilities
- Upholding ethics and integrity
- Creating a safe work environment – Occupational health and safety in action

BUILDING A CULTURE OF INNOVATION, COLLABORATION AND EMPOWERMENT

At KNPL, we go beyond providing jobs; we offer a unique learning experience. Our relentless focus is on creating a culture of education and enlightenment. We foster innovation, collaboration and empowerment as the key drivers of growth and development. Through various developmental initiatives, we aim to create a stimulating environment that enables our employees to unleash their full potential.

The launch of Avinya enabled us to democratise the innovation process, allowing all employees to participate and contribute their ideas through the Avinya portal. The ideas underwent evaluation and were considered for implementation based on their merits. The digitisation of this process helped nurture an innovative culture. A cross-functional team reviewed these ideas based on criteria, such as anticipated benefits, uniqueness, feasibility and required resources. This multi-disciplinary approach and teamwork ensured collaboration and alignment across functions, fostering positive interdependence and revealing hidden opportunities or challenges.

During the year, we identified important projects of strategic nature which were given to employees. The approach was to empower employees with delegation, autonomy, key decision-making and provided required resources.

Mural Painting by employees at Head Office on Holi

PROMOTING DIVERSITY AND INCLUSIVITY

Gender Diversity

KNPL is dedicated to increasing the recruitment of female employees by consistently identifying roles suitable for women and collaborating with consultants specialising in 'Diversity Hiring'. We are steadily increasing the representation of women in our workforce. Currently, women employees constitute 4.5% (excluding workers) and 3.8% (including workers) of our permanent workforce.

Across all KNPL offices, including Depot, R&D, HO, Plants and Frontline Sales, we are committed to expanding the female workforce with the goal of continuously improving the representation of women in our workforce.

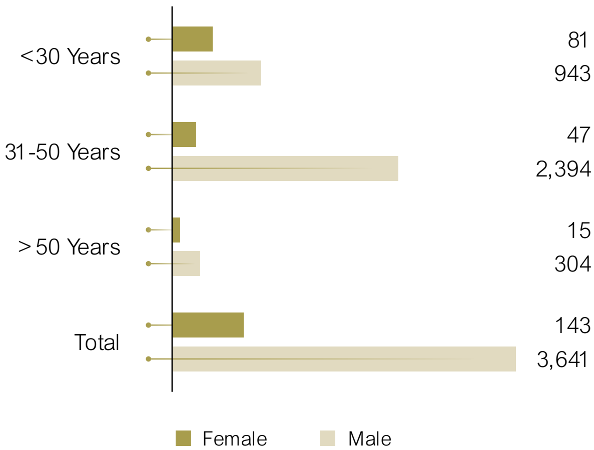
Inclusivity

KNPL recognises the unique talents and perspectives that differently abled individuals bring, driving innovation and fostering a more inclusive workplace. In the reporting year, we have recruited one differently abled candidate in our permanent workforce, bringing our total count to two.

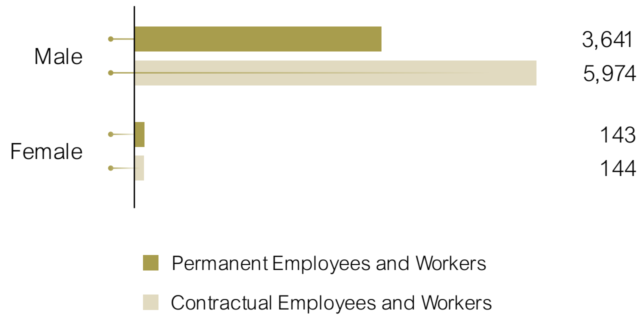
Throughout the year, we collaborated with experts to identify and screen candidates for suitable roles. Additionally, we modified our processes and job roles to match the candidate's areas of strength. Moving forward, we will continue this approach to drive the inclusion of differently abled individuals and work towards achieving our set targets as we progress in this journey.

Workforce Categorisation (Age-Wise)

(Including Workers)



Workforce Categorisation (Gender-Wise)



Female Workforce Categorisation (Function-Wise)

(Including Workers)

Function	Count
Sales	27
R&D and Manufacturing	54
Support/Enablers Function	62
Total	**143**

Workforce Categorisation (Management Level-Wise)

Category	Female	Male
MD and Non-Board Directors	0	3
SVP, VP & AVP	0	9
GM & DGM	1	30
Chief Manager & Senior Manager	2	98
Manager & Assistant Manager	24	400
Executives	111	2,393
Operators	5	708
Total	**143**	**3,641**

EMPLOYEE ENGAGEMENT, WELL-BEING AND CAPABILITY BUILDING

EMPLOYEE ENGAGEMENT INITIATIVES

- Life@Nerolac is a platform designed to enhance employee experience by fostering collaboration, knowledge exchange and engagement. It provides team members the opportunity to share news, insights and appreciation with each other
- Quarterly townhall meetings, addressed by the MD to discuss the achievements of the relevant period
- Webinars addressing employee health and well-being, conducted in association with our medical insurance partner
- Employee engagement surveys, including the Great Place to Work and Life@Nerolac Survey conducted by Willis Towers Watson
- Celebrating diversity with Women's Day celebrations
- Employee participation in CSR initiatives
- Annual Learning Conference (ALC) held for all managers, providing a platform for communication about our performance, future plans and direction
- Works Manager Addresses conducted at manufacturing facilities
- Celebrations of festivals, including Independence Day, Republic Day, Holi, Diwali and Garba
- Impressions, a monthly newsletter that captures various events and news pertaining to each function and location

Yoga day celebration

Celebration of Setsubun Festival at Head Office

This year, as part of the Kansai Paint Group, we celebrated the Japanese Setsubun festival at our Head Office. During the celebration, we gained insights into the festival's history and traditional practices in Japan.

Setsubun is an annual festival celebrated in Japan on 3rd February to mark the transition from winter to spring in the Lunar Calendar. This festival is believed to bring good fortune and cast away evil spirits through the 'Mamemaki' ritual, where roasted soya beans are thrown at Oni, symbolising a demon. The traditional chant 'Oni wa Soto, Fuku wa Uchi' translates to 'Demons' Out and Good Fortune In.' Alongside this ritual, eating sushi is a cherished part of the tradition.

Employees celebrating Setsubun Festival

Setsubun Festival at Head Office

Employee Benefits

KNPL provides various employee benefits like gratuity, superannuation, medical and life insurance, group accident insurance, maternity leave, pension and retirement benefits and provident fund contributions. In FY 2023-24, 143 permanent female employees were entitled to maternity leave. As an organisation, we foster an equal opportunity culture where recruitment is based on competence, potential and the candidates experience relevant to the job profile.

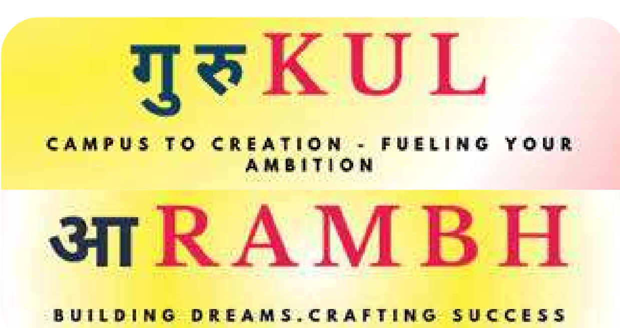
NURTURING TALENT

Talent Acquisition & Recruitment

Our aim is to align our decisions with our objectives, ensuring they benefit our employees and enhance job satisfaction and advancement opportunities internally. We recruit fresh talents from management and engineering fields through renowned management and engineering/ technical institutes. The industry brings in this influx through short-term internship assignments and campus collaboration initiatives. Our well-designed Graduate Engineering Trainee Programmes and Management Trainee Programmes provide fresh campus graduates with various projects and their performance is managed and supported for a year. Based on their performance and talent, they are placed in roles where they excel.

Initiatives

- **Campus Collaboration:** A key initiative through which we hire fresh talent from reputed management and technical institutes
- **Gurukul/Aarambh Campus Programme:** This programme is aimed at recruiting freshers for various positions like summer trainees, management trainees, graduate engineer trainees, technology trainees and sales trainees.
- **Neon Innovation Challenge:** This challenge is designed to engage with campuses and encourage students to come up with innovative solutions to business case studies.



Capability Building

In our effort to nurture talent across all levels, our talent management programmes are designed to identify high-potential performers across various functions and levels. We recognise key positions and talent pools within each function through various assessments to evaluate individuals' strengths and potential. Our Company creates a learning environment that allows our employees to shape their careers as they aspire.

Initiatives

- **Abhyaas:** An online product training platform designed to impart knowledge of product features, unique selling proposition, product comparison and benchmarking
- **Lead with Impact Training:** A programme tailored for managers to enhance their skills and knowledge, enabling them to progress in their careers, achieve their professional goals and improve overall team efficiency
- **Advanced Sales Training Programme:** Empowers sales frontline staff with essential skills, knowledge and confidence for effective customer interactions, understanding needs and successful deal closures
- **Percipio:** Our digital academy offers opportunities for employees to develop skills and advance their careers
- **Training on Digital Applications:** Provides internal stakeholders with training to adopt digital applications more efficiently
- **Behavioural Training:** Covers areas like corporate grooming, stress management, communication skills and interpersonal skills
- **Building Awareness on ESG:** Covers BRSR 9 Principles, POSH, Code of Conduct, Supplier Code of Conduct, and other aspects of Environmental, Social and Governance practices
- **Building Awareness on Enterprise Risk Management (ERM):** Covering the ERM framework and Risk Management Policy

Recognition

KNPL has achieved Great Place To Work™ Certification, a globally recognised acknowledgment of exemplary workplace cultures. We have created a great workplace environment for all our employees by excelling in the 5 dimensions of a High-Trust, High-Performance Culture: Credibility, Respect, Fairness, Pride and Camaraderie.

Great Place to Work

Strategic Workforce Planning

Our approach to workforce planning enables us to proactively address talent shortages, develop succession plans and optimise workforce deployment, ensuring an agile and competent workforce. Our new employee hiring was at 35% of total workforce count. as on Mar'24 end.

Following in-depth analysis, a talent inventory is created to prepare individual development plans for identified performers. These plans include extensive training, cross-functional assignments, projects and mentoring.

Initiatives

- **Management Development Centre:** We have internally designed a scientific development centre called the MDC to help talent progress from junior to mid-level management roles
- **Accelerated Leadership Programme:** TAJ is a unique programme developed in collaboration with a world-class organisation to prepare a leadership pipeline for KNPL

Employee Performance Management

We prioritise a performance evaluation process that embodies fairness, transparency and trust. Every employee undergoes an annual performance appraisal based on their individual performance. Our goal is to foster an environment where employees feel valued and recognised for their contributions.

Initiatives

- **Performance Management:** Our performance appraisal system is assessed based on a combination of quantitative and qualitative criteria. Key Performance Indicators (KPIs) are established in alignment with our growth strategy at the start of each fiscal year, with a focus on fostering collaborative efforts to achieve our organisational objectives.
- **Performance Dashboards:** These are designed to be user-friendly and provide valuable insights on a periodic basis. These insights help identify areas for improvement, motivating teams to strive for better performance. This transparent system enables employees to review their own performance and track progress effectively.
- **Absorption Plan:** We conduct assessments to evaluate our contractual employees' performance aspects and behavioural competencies for a permanent career with our Company.

Employee Well-Being

Prioritising the well-being of our employees, we consistently address both their physical and mental wellness. Continuing in this direction, our Company has introduced initiatives to holistically support our employees.

Wellness Corner

The Wellness Corner App is a personalised wellness solution for employees, providing access to on-call doctors and specialists for video or in-person consultations. This benefit is extended to employees and their families, enabling them to connect with top medical professionals, nutritionists and physiologists. Additionally, we introduced Wellness Wednesdays, a new initiative aimed at boosting the overall health and well-being of Nerolites. Wellness Wednesday consists of a series of health and wellness webinars conducted every alternate Wednesday, covering various topics to empower Nerolites to improve their physical health, enhance their mental well-being and nurture healthy habits.

Step Challenge

Step Challenge 2.0 was launched this year with greater enthusiasm and rigour. With over 680 participants, we collectively walked 53 Crores steps, significantly contributing to a fitter Nerolac. This initiative encouraged employees to increase their daily step count and engage in more physical activity. Employees had the option to participate either individually or in teams. To maintain motivation, we published a daily scoreboard, which proved to be an effective way to promote the health and wellness of our employees.

Special Deals & Discounts

We value our employees and constantly seek innovative ways to reward their talent. Access to special deals and discounts from various brands is provided through an app, which offers discount coupons and opportunities for online purchases.

Discounted Gym Membership

Discounted Gym Memberships as part of our employee wellness programme, we extend a well-being initiative to our employees by providing Discounted Gym Membership. This perk is intended to motivate employees to embrace healthy habits and lead an active lifestyle by providing discounted gym access.

The Wellness Corner

EMPLOYEE REWARDS & RECOGNITION

At KNPL, we recognise the significance of encouraging behaviours that are in line with our Company's strategy. Rewards and recognition are crucial in motivating and engaging employees. When employees feel valued and appreciated for their hard work and achievements, they are more inclined to exhibit behaviours that contribute to the organisation's success. By implementing these rewards and recognition initiatives, we nurture a culture of appreciation and motivation. Employees are encouraged to display behaviours that contribute to our Company's strategic objectives, drive overall success and foster a positive work environment. Within the Nerolac Ecosystem, we have implemented various rewards and recognition programmes:

Awards were distributed among teams in various categories, including:

- The Best Performing Factory
- The Best Performing Decorative Zone and the Best Performing Industrial Zone

Employee Recognition at Goindwal Sahib Plant

ETHICS AND INTEGRITY

We have established a Code of Conduct for our Managerial and Executive Staff, setting appropriate behavioural norms with discipline, professionalism and ethical practices as fundamental principles. The intent of this Code of Conduct is to guide and regulate the conduct of our employees, while also reinforcing our KNPL's core values and adhering to best-in-class practices.

Code of Conduct

Designed for managerial employees and executives of KNPL and our subsidiaries to establish boundaries and spread awareness about our Code of Conduct. It states fundamental aspects of appropriate behavioural norms like discipline, self-control, professionalism and best ethical practices.

Key Elements of KNPL's Code of Conduct

- Conflict of Interest
- Confidentiality
- Compliance with Laws, Rules and Regulations
- Protection and Proper Use of Company Assets
- Fair Dealing and Ethical Business Conducts
- Handling Patents of the Company
- Appropriate Social Conduct

Whistle-Blower Policy

KNPL has a Whistle-Blower Policy in place to encourage employees to voice their grievances and report legitimate concerns proactively. The organisation is committed to upholding high standards of openness, integrity, probity and dependability across our operations. Employees are actively encouraged to report any concerns related to suspected serious misconduct without fear of punishment, reprisal, or unfair treatment. Appropriate safeguards are in place to ensure that all employee concerns are properly considered.

CREATING A SAFE WORK ENVIRONMENT: OCCUPATIONAL HEALTH AND SAFETY IN ACTION

KNPL has a comprehensive company-wide Occupational Health, Safety and Environment (OHS&E) Policy. This policy underscores the organisation's commitment to health and safety across all business operations, establishing safety as a core value within the organisational framework. It fosters a culture of safety to enhance awareness and consciousness. Additionally, our Company has developed a Disciplinary Action for Safety Violation Policy in alignment with KPJ guidelines. This policy aims to improve safety awareness and ensure adherence to safety rules and regulations.

We have a well-defined Safety Committee with the inclusion of worker representation and regular evaluations that adheres to the regulations outlined in the Factories Act, promotes inclusive participation in health and safety aspects, enhances the safety framework, engages stakeholders through consultation and participation and fosters a sense of ownership at every level of the organisation. We consistently conduct Process Hazard Analysis & Hazard and Operability Studies for the identification of likely safety risks and hazards, mitigation strategies and action plans for process hazard elimination/ minimisation. Maintaining 100% compliance with the storage of raw materials as per chemical compatibility standards is a priority. This reduces inherent hazards through proper segregation, storage and handling of chemicals. To increase robustness and awareness about safety, we conduct periodic earthing checks at the shop floor, safety walks, safety communication, toolbox talks, CFT 5S and safety inspections.

KNPL conducts regular safety audits and assessments to identify areas for improvement and implement corrective actions. By seamlessly integrating safety training and safety competitions into our operational framework, we have successfully fostered an ecosystem centred around safety mindfulness. This approach empowers our workforce to take unequivocal ownership of the safety of individuals and their colleagues. This concerted approach further facilitates the deployment of robust safety measures across all organisational strata, constituting an enduring testament to our firm dedication to a safety-driven ethos.

Safety Training and Competitions

We emphasise the critical role that KNPL attaches to safety training and competitions, which aligns with our dedication to promoting a culture of safety and advancing continuous improvement within our organisational structure.

These crucial initiatives serve as essential triggers for enhancing our workers' safety awareness and strengthening their skills through ongoing training programmes covering a wide range of important aspects. These include like risk assessment, hazard identification, competent use of personal protective equipment (PPE), emergency response procedures and adherence to safe work practices.

Safety Training at Lote Plant

Additionally, we strongly support employee engagement and motivation through dynamic safety competitions and training programmes, such as the Danger Experience Programme (DEP), Kiken Yochi Trainings (KYT), Life After Accident (LAA) exercises, human error prevention and static electricity training, online safety tests, safety quizzes and CAPA completion at various levels. These lively competitions provide platforms for our employees to demonstrate their expertise in safety-related fields and foster environments for exchanging creative ideas and developing cooperative partnerships. We continue to conduct BBS (Behaviour-Based Safety) observations across all our facilities and regularly hold BBS training programmes for employees. This effort enables us to address behavioural aspects, enhance safety consciousness and nurture a culture of responsible conduct among our workforce. Personal level risk assessments (PLRA) are conducted to encourage individuals to assess the risks associated with their daily occupational and routine activities.

In FY 2023-24, we conducted 54,300 man-hours of safety training sessions across all levels. We guarantee that best-in-class methods are widely assimilated throughout our diverse activities, fostering a collective culture anchored on safety consciousness through the spread of exemplary practices, cooperative teamwork and healthy rivalry.

Our major factories feature safety DOJO boards, which serve as excellent aids for shop-floor training and understanding fire safety systems. These boards aim to support employees in investigating, debating, creating and adopting safer work practices. In Japanese, 'dojo' refers to a place where people gather for learning and sharing.

Safety Lab at Jainpur Plant

Case Study

We have implemented a safety training kiosk system across all our factories for employees and contract workers. This system covers fundamental safety protocols for the manufacturing facility and ends with a test based on the learning material. If an individual's exam score is above 80%, the system issues a safety pass. The safety pass needs to be renewed every six months, requiring the user to retake the learning courses.

Safety Training Kiosk

Solvent Handling Training at Sayakha Plant

SAFETY CULTURE: KEY TO A SAFE AND SECURE WORKPLACE

In the reporting year, a safety culture survey was conducted for all plants, including R&D, achieving a participation rate of **98%.**

Objective

The survey will help determine the current state of KNPL's prevalent safety culture, identify areas for improvement and set a baseline for tracking advancement over time.

Methodology/Parameters

To identify significant facets of safety culture, the survey includes questions on management commitment, training and supervision, safe work processes, consultation, reporting safety and injury management. The safety culture survey questionnaire consists of attributes relevant to the paint industry's safety requirements and evaluates the employees' experience with the plant's safety culture.

Impact of Safety Culture

By focussing on safety as a strategic operating area, insights into key issues affecting productivity, quality, cost control and customer service are gained. An evaluation of safety culture serves as a prism through which the entire company is viewed.

Survey Findings

Overall KNPL Safety Culture Performance

Safety Demo at Sayakha Plant

OCCUPATIONAL HEALTH CENTRES

At our manufacturing plants, we have Occupational Health Centres (OHCs) that provide assistance with health related issues. These centres are staffed with licensed and qualified physicians and equipped with essential diagnostic tools and medications. Additionally, we have a 24/7 emergency ambulance onsite. The primary objective of the OHCs is to ensure the health and well-being of our employees. Through the analysis of medical complaints, we can identify the causes of complaints and understand trends. Furthermore, we conduct half-yearly medical health check-ups for all employees, including contract workers, in compliance with the Factories Act. Services like medical counselling and the identification of specific areas of concern are provided to promote employee well-being.

Employee Health Checkups

Safety Audits

At KNPL, we conduct periodic surveillance audits to ensure the effectiveness of our OH&S management system. During the reporting period, our Sayakha, Hosur and Bawal plants underwent audits conducted by our parent Company, Kansai Paint Co., Ltd., Japan ('KPJ'), in accordance with the KPJ Global Safety and Quality (GSQ) Standards. These audits assessed various aspects such as management systems, fire prevention, outflow prevention, occupational accident prevention, disaster measures and chemical safety. The audit findings demonstrated the readiness of our plants, along with the implementation of safety measures and control mechanisms. We have significantly improved our audit scores across all 8 manufacturing facilities in India.

Safety Awards

In our efforts to foster a culture of continuous improvement and learning, our plant teams actively engage in external competitions. In FY 2023-24, our Bawal plant was honoured with the Platinum Award for 'Safety Excellence' by FAME (Foundation of Accelerated Mass Empowerment). Furthermore, our Lote Plant and Jainpur Plant received the 'Prashansa Patra' at the fifth level from the National Safety Council.

Incident Management

In the event of an occurrence, an investigative team is assembled at the manufacturing facility to determine the likely reasons. Root causes are identified and corrective and preventive actions (CAPA) are established based on the investigation findings. The root causes, CAPA and the investigation report are disseminated throughout KNPL at different levels. The research findings are shared among the plants and our Board of Directors receives quarterly reports on incidents and CAPA.

Focus on Fire Safety

At KNPL's manufacturing plants, we enforce stringent fire safety standards through safety protocols, frequent inspections and advanced fire suppression systems. Employees are extensively trained on fire safety procedures and evacuation protocols to ensure swift responses to emergencies. We prioritise fire safety measures to maintain a secure working environment and safeguard our manufacturing facilities and assets.

Fire Prevention Measures

- Hot work management
- Regular patrols to identify and rectify any unsafe activity
- Hazardous chemicals handling and storage
- Waste segregation & storage
- Electrical safety
- Static electricity counter-measure
- Fire risk assessments – Hazard Identification and Risk Assessment (HIRA) & Hazard and Operability Study (HAZOP)
- Safety overhaul inspections
- CCTV surveillance

Training on Fire Prevention Measures

Detection and Firefighting Measures

- Mock drills and fire drills
- Firefighting equipment including fire extinguishers, fire hydrant system and fire hose reel, among others
- Smoke/heat/beam detectors
- Manual call point alarm system
- Fire suppression systems like fire sprinklers and modular FE
- Dedicated water storage for firefighting
- Fire protection system compliant with the National Building Code (NBC)

Fire Safety training

In FY 2023-24

Lost Time Injury Frequency Rate (Per Million Workforce Hours Worked)	0
Severity Rate (Per Million Workforce Hours Worked): 0	0
Lost Time Injuries (LTI)	0
Minor Injuries	4
Million Workforce Hours Worked Without LTI	22.74
Occupational Illness	0

WAY FORWARD

Our long-term goal is to maintain and enhance our safety management system by implementing strong safety measures, assessing their effectiveness and promoting a culture of continuous improvement to reinforce safety standards. We use insights acquired from GSQ audit results, in compliance with KPJ requirements, to enhance resilience across all our sites.

KANSAI NEROLAC PAINTS LIMITED

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Tel.: +91 22 40602500/40602501 • **Website:** www.nerolac.com • **Investors Relations e-mail ID:** investor@nerolac.com
Corporate Identity Number (CIN): L24202MH1920PLC000825

Notice

NOTICE is hereby given that the 104th Annual General Meeting of Kansai Nerolac Paints Limited will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Friday, 28th June, 2024 at 11 a.m. (IST), to transact the following business:

Ordinary Business:

1. To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the year ended 31st March, 2024 and the Reports of the Board of Directors and the Auditors thereon.

2. To declare a dividend of ₹ 3.75 (375%) which includes special dividend of ₹ 1.25 (125%) per Equity Share of the nominal value of ₹ 1 each for the year ended 31st March, 2024.

3. To appoint a Director in place of Mr. Takashi Tomioka, Non-Executive Director (holding Director Identification Number 08736654), who retires by rotation and being eligible, offers himself for re-appointment.

4. To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

   "RESOLVED that pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendment or modification or re-enactment thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee, S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003), be and are hereby re-appointed as Statutory Auditors of the Company, to hold office for a second term of 5 (five) consecutive years from the conclusion of the 104th Annual General Meeting of the Company until the conclusion of the 109th Annual General Meeting of the Company, on such terms and conditions, including remuneration, as may be recommended by the Audit Committee and approved by the Board of Directors, from time to time.

   RESOLVED FURTHER that the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

Special Business:

5. To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

   "RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory amendment or modification or re-enactment thereof, for the time being in force), the remuneration of the Cost Auditor, D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2025, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.

   RESOLVED FURTHER that the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 4th May, 2024

NOTES:

1. In compliance with the Circular No. 09/2023 dated 25th September, 2023 read with Circular Nos. 10/2022 dated 28th December, 2022, 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020, 02/2021 dated 13th January, 2021, 21/2021 dated 14th December, 2021 and all other relevant Circulars ("MCA Circulars") issued by the Ministry of Corporate Affairs ("MCA") and Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated 6th October, 2023 ("SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI") and relevant provisions of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Annual General Meeting ("AGM") will be held without the physical presence of Shareholders at a common venue. The SEBI Circulars and MCA Circulars are collectively referred to as the "said Circulars".

   In this Annual Report, the connotation of "Members" and "Shareholders" is the same.

2. Explanatory Statement pursuant to Section 102 of the Act relating to Item nos. 4 and 5 of the Notice of the 104th AGM is annexed hereto. Also, relevant details in respect of the director seeking re-appointment at the AGM, in terms of Regulation 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard - 2 on General Meetings are also annexed to this Notice. The matter of Special Business as set out in Item no. 5 of the Notice is considered to be unavoidable by the Board of Directors of the Company.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, since this AGM is being held through VC/OAVM, whereby physical attendance of Members has been dispensed with and in line with the relevant Circulars, THE FACILITY TO APPOINT A PROXY TO ATTEND AND CAST VOTE FOR THE SHAREHOLDER IS NOT MADE AVAILABLE FOR THIS AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

   However, in terms of the provisions of Sections 112 and 113 of the Act read with the relevant Circulars, Corporate Members are entitled to appoint their authorized representatives to attend the AGM through VC/OAVM on their behalf and participate thereat, including cast votes by electronic means (details of which are provided separately, hereinbelow). Such Corporate Members are requested to refer 'General Guidelines for Shareholders' provided herein below, for more information.

4. The Members can join the AGM through VC/OAVM 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors, Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee etc., who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

6. The Shareholders, seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Saturday, 22nd June, 2024, through e-mail at agm@nerolac.com. The same will be replied by/on behalf of the Company suitably.

7. In line with the said Circulars, the Annual Report including Notice of the 104th AGM of the Company inter alia indicating the process and manner of e-voting is being sent by e-mail, to all the Shareholders whose e-mail IDs are registered with the Company/Depository Participant(s) and to all other persons so entitled.

   Further, in terms of the applicable provisions of the Act, SEBI Listing Regulations read with the said Circulars, the Annual Report including Notice of the 104th AGM of the Company will also be available on the website of the Company at www.nerolac.com. The same can also be accessed from the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of National Securities Depository Limited ("NSDL") at https://www.evoting.nsdl.com.

8. **Voting through electronic means**

   Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI Listing Regulations and the relevant Circulars issued by MCA, the Company is providing facility of e-voting to its Members in respect of the business to be transacted at the AGM by electronic means. For this purpose, the Company has entered into an agreement with NSDL as the authorized agency, for facilitating voting through electronic means. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.

Further, in accordance with Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company has fixed Friday, 21st June, 2024 as the "cut-off date" to determine the eligibility to vote by remote e-voting or e-voting at the AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e. Friday, 21st June, 2024, shall be entitled to avail the facility of remote e-voting or e-voting at the AGM.

Only those Shareholders attending the AGM through VC/OAVM, who have not cast their vote by remote e-voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting at the AGM.

The Company has appointed Mr. J. H. Ranade, Membership No. F4317 & Certificate of Practice No. 2520 or failing him Mr. Sohan J. Ranade, Membership No. A33416 & Certificate of Practice No. 12520 or failing him Ms. Tejaswi Jogal, Membership No. A29608 & Certificate of Practice No. 14839 (anyone of them), being Partners of JHR & Associates, Company Secretaries in practice, as the Scrutinizer to scrutinize the remote e-voting and the e-voting at the AGM in a fair and transparent manner.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Tuesday, 25th June, 2024 at 9 a.m. and ends on Thursday, 27th June, 2024 at 5 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. Friday, 21st June, 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Friday, 21st June, 2024. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

How do I vote electronically using NSDL e-voting system?

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-voting system

A) <u>Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode</u>

In terms of SEBI circular dated 9th December, 2020 on e-voting facility provided by Listed Companies, individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participant(s). Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under value added services. Click on "**Access to e-voting**" under e-voting services and you will be able to see e-voting page. Click on company name or **e-voting service provider i.e. NSDL** and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
	2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS Portal**" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	3. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or **e-voting service provider i.e. NSDL** and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
	4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited ("CDSL")	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing User ID and Password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi/Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-voting service providers, so that the user can visit the e-voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-voting page by providing demat account Number and PAN from a e-voting link available on www.cdslindia.com - home page. The system will authenticate the user by sending OTP on registered Mobile Number & Email as recorded in the demat account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also be able to directly access the system of all e-voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use 'Forget User ID' and 'Forget Password' option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) **Login Method for e-voting and joining virtual meeting for shareholders other than Individual Shareholders holding securities in demat mode and Shareholders holding securities in physical mode.**

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon **"Login"** which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a verification code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at https://eservices.nsdl.com/with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in physical form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 128645 then user ID is 128645001***

5. Password details for shareholders other than Individual Shareholders are given below:
   a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. The password to open

the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or Folio Number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your e-mail ID is not registered, please follow steps mentioned below in **process for those Shareholders whose e-mail IDs are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on **"Forgot User Details/ Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/ folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on **"Login"** button.

9. After you click on the **"Login"** button, Home page of e-voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system.

How to cast your vote electronically and join General Meeting on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders

1. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to jhr@jhrasso.com with a copy marked to evoting@nsdl.com Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/ Power of Attorney/Authority Letter by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on: 022-4886 7000 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.com.

Process for those Shareholders whose e-mail IDs are not registered with the depositories for procuring User ID and Password and registration of e-mail IDs for e-voting for the resolutions set out in this Notice:

If your e-mail address is not registered with the Depository Participant(s) (if shares held in electronic form)/Company (if shares held in physical form), you may register on or before Monday, 17th June, 2024, to receive the Notice of the AGM along with the Annual Report by completing the process as under:

a. Visit the link https://liiplweb.linkintime.co.in/EmailReg/Email_Register.html.

b. Select the name of the Company 'Kansai Nerolac Paints Limited' from dropdown.

c. Enter details in respective fields such as DP ID and Client ID (if shares held in electronic form)/Folio no. and Certificate no. (if shares held in physical form), shareholder name, PAN, mobile no. and e-mail ID.

d. System will send One Time Password ('OTP') on mobile no. and e-mail ID.

e. Enter OTP received on mobile no. and e-mail ID.

f. Click on submit button.

g. System will then confirm the recording of the e-mail address for receiving Notice of the AGM along with the Annual Report.

In case shares are held in physical mode please provide folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to evoting@nsdl.com for procuring the User ID and Password for e-voting.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DP ID + CL ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to evoting@nsdl.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **Step 1 (A)** i.e. **Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/Shareholders attending the AGM through VC/OAVM, who have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for **Access to NSDL e-voting system**. After successful login, you can see link of "VC/OAVM" placed under "**Join meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further, the Members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending a request from their registered e-mail ID mentioning their name, DP ID and Client ID/Folio Number, PAN, mobile number at agm@nerolac.com from Monday, 17th June, 2024 (from 9 a.m.) to Monday, 24th June, 2024 (upto 5 p.m.). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Further, a facility will be provided to the Shareholders attending the AGM through VC/OAVM on Friday, 28th June, 2024, whereby they can pose questions concurrently, during the proceeding of the Meeting.

Other Information

Any person holding shares in demat or physical form and non-individual Shareholder who acquires shares of the Company and becomes a Member of the Company after sending of this Notice and holding shares in demat mode as on the cut-off date may refer the instructions mentioned in **"Step 1: Access to NSDL e-voting system"**.

Scrutinizer's Report and declaration of results:

(i) The Scrutinizer shall, after the conclusion of e-voting at the AGM, first count the votes cast vide e-voting at the AGM and thereafter shall unblock the votes cast through remote e-voting, in the presence of at least two witnesses not in the employment of the Company. He shall submit a Consolidated Scrutinizer's Report of the total votes cast in favour or against, not later than 48 (forty eight) hours of the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(ii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website at www.nerolac.com and on the website of NSDL at www.evoting.nsdl.com. The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

10. The Shareholders who are holding shares in dematerialised form and have not yet registered their e-mail IDs with their Depository Participant(s) are requested to register their e-mail ID at the earliest, to enable the Company to use the same for serving documents to them electronically, hereafter. Shareholders holding shares in physical form may kindly provide their e-mail ID to the Registrar and Share Transfer Agents of the Company viz. Link Intime India Pvt. Ltd (formerly TSR Consultants Private Limited) ("RTA"), by sending an e-mail at csg-unit@linkintime.co.in. The support of the Shareholders for the 'Green Initiative' is solicited.

11. **Dividend**

(i) The Board has recommended a dividend of 375% (₹ 3.75 per Equity Share) which includes special dividend of 125% (₹ 1.25 per Equity Share) for the financial year ended 31st March, 2024, as compared to the dividend of 270% (₹ 2.70 per Equity Share) paid for the financial year ended 31st March, 2023.

(ii) The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 22nd June, 2024 to Friday, 28th June, 2024 (both days inclusive), for the purpose of AGM and dividend. The dividend, if declared, will be payable on or after Wednesday, 3rd July, 2024, to those Shareholders whose names are registered as such in the Register of Members of the Company as on Friday, 21st June, 2024 and to the beneficiary holders as per the Register of Beneficial Owners as on Friday, 21st June, 2024 provided by the Depositories, NSDL and CDSL, subject to deduction of tax at source where applicable.

(iii) Payment of dividend through electronic means

a) The Company provides the facility to the Shareholders for remittance of Dividend directly in electronic mode through National Automated Clearing House (NACH). Pursuant to the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated 17th May, 2023 (superseding the SEBI Circular No. SEBI/HO/MIRSD/MIRSDPoD-1/P/CIR/2023/37 dated 16th March, 2023) read with SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated 17th November, 2023, SEBI has mandated all listed companies to maintain a record PAN, Nomination, Contact details, Bank A/c details and Specimen signature of its Shareholders holding physical securities. Further, with effect from 1st April, 2024, Shareholders holding physical securities shall be eligible for dividend payment only in electronic mode.

Shareholders holding shares in physical form are requested to update their PAN, nomination details, contact details, mobile number, bank account details and specimen signature (collectively called as "details") with the Company/ RTA so as to enable the Company to process the dividend payments through electronic medium. Please note, as per the SEBI mandate, the Company shall not process dividend through warrants or demand drafts or banker's cheque to the Shareholders holding shares in physical mode, whose details are not updated with the Company/RTA against their folio(s). The forms for updation of PAN, KYC, bank details and nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 are available on RTA's website at https://liiplweb.linkintime.co.in/KYC-downloads.html.

In view of the above, we urge the Shareholders holding shares in physical form to submit the required forms along with the supporting documents at the earliest to the RTA. The Company has sent letters to the Members holding shares in physical form in relation to the applicable SEBI Circular(s).

(b) Shareholders holding shares in dematerialised form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company/RTA cannot act on any request received directly from the Shareholders holding shares in dematerialised form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant(s) of the Shareholders.

(iv) Pursuant to Finance Act, 2020, dividend income is taxable in the hands of Shareholders with effect from 1st April, 2020 and the Company is required to deduct tax at source (TDS) from dividend paid to the Shareholders at the prescribed rates.

For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The Shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and their respective Depository Participant(s) (in case of shares held in dematerialised form).

A resident individual Shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to csgexemptforms2425@linkintime.co.in by Wednesday, 19th June, 2024. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Resident Shareholders whose dividend is liable for deduction of TDS at a concessional or Nil rate as per Section 197 of the Income-tax Act, 1961 can submit the certificate/letter issued by the Assessing Officer, to avail the benefit of lower rate of deduction or non-deduction of tax at source by e-mail to csgexemptforms2425@linkintime.co.in by Wednesday, 19th June, 2024.

Non-resident Shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing the necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an e-mail to amitvora@nerolac.com. The aforesaid declarations and documents need to be submitted by the Shareholders by Wednesday, 19th June, 2024.

(v) In terms of the provisions of Sections 124 and 125 of the Act, dividend which remains unpaid/ unclaimed for a period of 7 (seven) years from the date of declaration is required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the unpaid/unclaimed dividend for the financial year 2015-16, has been transferred by the Company to the IEPF. Those Shareholders who have not encashed their dividends for the financial year 2016-17 onwards are requested to lodge their claims in that regard with the Company/RTA.

Further, in terms of the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), Equity Shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more from the date of declaration, are also required be transferred to an account viz. IEPF Suspense Account, which is operated by the IEPF Authority pursuant to the IEPF Rules. Accordingly, in compliance with the aforesaid Rules, the Company has already transferred Equity Shares on which dividend remained unclaimed for 7 (seven) consecutive years starting from the financial year 2015-16 to the IEPF Suspense Account, after providing necessary intimations to the relevant Shareholders. Further, all Equity Shares of the Company on which dividend has not been paid or claimed for 7 (seven) consecutive years or more, shall be transferred by the Company to the IEPF from time to time.

Details of unpaid/unclaimed dividend and Equity Shares transferred to IEPF for the financial year 2015-16 are uploaded on the website of the Company as well as on the website of the MCA.

No claim shall lie against the Company in respect of unclaimed dividend amount and Equity Shares transferred to the IEPF and IEPF Suspense Account, respectively, pursuant to the IEPF Rules. Shareholders can however claim both unclaimed dividend amount and Equity Shares from the IEPF Authority by making an online application in web Form IEPF-5, the details of which are available on www.iepf.gov.in.

12. In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form.

    Members may please note, pursuant to SEBI Circular dated 25th January, 2022 the listed companies shall issue the securities in dematerialised form only, for processing any service requests from Shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. The Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR–4, the format of which is available on the website of the Company's RTA at www.linkintime.co.in. After processing the service request, a letter of confirmation will be issued to the Shareholder that shall be valid for a period of 120 days, within which the Shareholder shall make a request to the Depository Participant for dematerializing those shares. If the Shareholder fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat Account held by the Company which can be claimed by the Shareholders on submission of necessary documentation.

13. Further, pursuant to the SEBI Circular No. SEBI/LAD-NRO/GN/2023/130 dated 23rd May, 2023 and consequent amendment to Regulation 294 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 which inter-alia states that the allotment of bonus shares shall be made only in dematerialised form, the Company has transferred the Bonus Shares allotted to the Shareholders holding Equity Shares in physical form as on the record date, to an Escrow Demat Account maintained by the Company. Shareholders can claim these Bonus Shares transferred to the said Escrow Demat Account on submission of necessary documentation.

    SEBI has mandated the submission of PAN by every participant in securities market. Shareholders holding shares in dematerialised form are, therefore, requested to submit their PAN to the Depository Participant(s) with whom they maintain their demat accounts. Shareholders holding shares in physical form should submit their PAN to the Company/ RTA.

14. Shareholders are requested to intimate changes, if any, pertaining to their name, postal address, e-mail ID, telephone/mobile numbers, PAN, mandates, nominations, power of attorney, bank details (such as name of the bank and branch details, bank account number, MICR code, IFSC code etc.), with necessary documentary evidence, to their Depository Participant(s) in case the shares are held by them in dematerialised form and to the Company/RTA in case the shares are held by them in physical form.

15. In terms of the provisions of Section 72 of the Act, the facility for making nomination is available for the Shareholders in respect of the shares held by them. Shareholders who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Shareholders holding shares in dematerialised form are requested to submit the said details to their Depository Participant(s) and the Shareholders holding shares in physical form, are requested to submit the said details to the Company/RTA.

16. Shareholders are requested to quote their Folio No. or DP ID - Client ID, as the case may be, in all correspondence with the Company/RTA.

17. Since the AGM will be held through VC/OAVM, route map of venue of the AGM is not attached to this Notice.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003), were appointed as the Statutory Auditors of the Company by the Shareholders at the 99th Annual General Meeting ("AGM") held on 21st June, 2019, to hold office for a term of 5 (five) consecutive years from the conclusion of the 99th AGM until the conclusion of the 104th AGM of the Company, pursuant to provisions of Section 139(1) of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014.

As per the recommendation of the Audit Committee, the Board has re-appointed S R B C & CO LLP, Chartered Accountants as the Statutory Auditors of the Company, to hold office for a second term of 5 (five) consecutive years from the conclusion of the 104th AGM until the conclusion of the 109th AGM of the Company, subject to the approval of the Shareholders at the ensuing 104th AGM. The Ordinary Resolution set out at Item no. 4 of the Notice seeks approval of the Shareholders for the re-appointment of S R B C & CO LLP, Chartered Accountants, as Statutory Auditors of the Company.

S R B C & CO LLP, Chartered Accountants, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India ("ICAI"). It is a Limited Liability Partnership firm incorporated in India. The firm is a part of M/s. S. R. Batliboi & Affiliates network of audit firms registered with ICAI. The registered office of the firm is at 22, Camac Street, 3rd Floor, Block 'B', Kolkata. It has various offices at Mumbai, Delhi, Gurugram, Bangalore, Kolkata, Pune, Chennai, Ahmedabad etc. It audits various companies listed on stock exchanges in India.

The annual fees proposed to be paid to them, as recommended by the Audit Committee and approved by the Board of Directors, is ₹72,00,000 plus Goods and Service Tax (GST) and reimbursement of out-of-pocket expenses. The fees could be revised by the Board of Directors on the recommendation of the Audit Committee, as and when necessitated.

In accordance with Section 139 of the Act, S R B C & CO LLP, Chartered Accountants, have certified that they are eligible to be re-appointed as the Statutory Auditors of the Company and they satisfy the criteria as provided in Section 141 of the Act. The certificate will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at agm@nerolac.com in that regard, by mentioning "Request for Inspection" in the subject of the e-mail.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution.

The Board recommends the re-appointment of S R B C & CO LLP, Chartered Accountants, as Statutory Auditors of the Company, as set out in Item no. 4 of the Notice, for approval of the Shareholders.

ITEM NO. 5

In accordance with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to conduct cost audit of its cost records pertaining to the products falling under the product categories – Organic & Inorganic Chemicals, Plastics and Polymers, Rubbers and Allied Products & Insecticides or any other products required by the law, for the financial year ending 31st March, 2025. The products of the Company covered under the aforesaid categories are different types of thinners, additives, powder coating products, hardeners, construction chemicals etc.

The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the appointment of D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), as the Cost Auditor for the financial year ending 31st March, 2025 on a remuneration of ₹ 3,00,000 plus GST and reimbursement of out-of-pocket expenses.

D. C. Dave & Co., Cost Accountants has conveyed there willingness to act as Cost Auditor of the Company for financial year ending 31st March, 2025. The eligibility and consent letter will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at agm@nerolac.com in that regard, by mentioning "Request for Inspection" in the subject of the e-mail.

In terms of Section 148(3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration recommended by the Audit Committee for the Cost Auditor and approved by the Board of Directors is required to be ratified subsequently by the Shareholders. Hence, the Ordinary Resolution set out in Item no. 5 of the Notice seeks approval of the Shareholders for the same.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution.

The Board recommends ratification of the remuneration payable to D. C. Dave & Co., Cost Accountants, Cost Auditor of the Company, as recommended by the Audit Committee and approved by the Board of Directors, as set out in Item no. 5 of the Notice, for approval of the Shareholders.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 4th May, 2024

Annexure to the Notice

Details of the Director seeking re-appointment in the 104th Annual General Meeting, as set out in Item no. 3 of this Notice, in terms of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with clause 1.2.5 of Secretarial Standard - 2 on General Meetings:

Name of Director	Mr. Takashi Tomioka
Director Identification Number	08736654
Age	51 years
Qualifications and experience	Mr. Takashi Tomioka graduated from Tokyo Gakugei University, Faculty of Education. He has worked in various divisions of Kansai Paint Co., Ltd., Japan and is presently the Executive Officer, General Manager, Corporate Planning division.
Date of First Appointment	7th May, 2020
Directorships held in other public companies (excluding this Company, foreign companies and Section 8 companies)	Nil
Memberships/Chairmanships of committees of other public companies#	Nil
Shareholding in the Company as on 31st March, 2024*	Nil

* Mr. Takashi Tomioka is a nominee of Kansai Paint Co., Ltd., Japan, Promoter Company and he does not hold any Equity Share of the Company in his personal capacity.

\# In terms of the provisions of Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships in Audit Committee and Stakeholders' Relationship Committee are considered.

Notes:

None of the directors are related to each other. However, Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka and Mr. Pravin Chaudhari are the nominees of Kansai Paint Co., Ltd., Japan, Promoter Company.

For other details such as the number of meetings of the Board attended during the year and remuneration drawn in respect of above Director, please refer to the Report on Corporate Governance which is a part of the Annual Report.

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BOARD'S REPORT

Dear Members,

The Directors of your Company are pleased to present the 104th Annual Report and the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March, 2024 ('year under review/FY 2023-24'). The section on Management Discussion and Analysis includes a review of the financial performance of the Company – Financial Highlights of the Company's standalone financial results, key financial ratios and the dividend recommended by the Directors. It also includes the particulars of the subsidiaries of the Company, including overseas subsidiaries and their performance during the year under review.

1. MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Established in 1920, Kansai Nerolac Paints Limited (also referred to as 'KNPL', 'our Company' or 'We') is a subsidiary of Kansai Paint Co., Ltd., Japan ('KPJ'). In addition to our primary operations in India, we operate in Nepal, Sri Lanka and Bangladesh through acquisitions and joint ventures. We are one of the country's largest paints and coating manufacturers with an established leadership in industrial coatings. Our Company holds a significant market share in performance coatings and maintains a leadership position in the automotive and powder coating businesses. Additionally, in the decorative segment, we are the 3rd largest paint player in the country. Our Company's strong market position can be owed to our continuous investments in intellectual and human capital. Our access to global technology has helped provide Indian customers with products and solutions that are unique, environment friendly and cutting-edge.

As one of the industry's most trusted brands, KNPL designs solutions that protect, inspire and touch lives every day. Through our painting solutions, we provide 'Beauty and Protection' to everything that a household uses on a daily basis, be it paints for homes (interior & exterior, wood finish, construction chemicals, tile adhesive), automobiles (4-wheeler, 2-wheeler/3-wheeler, EV, CV, tractors), new segments (underbody coats, alloy wheels and seam sealers), consumer durables (fans, microwaves, refrigerators, washing machine), personal use articles (hair clips, artificial jewellery), or transportation infrastructure (bridges, metro rail). This is why we say **'There is a little bit of Nerolac in everybody's life'.**

People are at the core of KNPL's strategy. We prioritise our employees, creating a culture of innovation, collaboration and empowerment while emphasising employee well-being, growth, training and engagement.

We plan to advance towards the future by the expansion of our Paint+ portfolio and our new businesses, strengthening our influencer programme and using digital tools to enhance stakeholder experience. We continuously strive to provide unique solutions using cutting-edge technologies and are committed to being a responsible member of society through our focus on sustainability.

INDUSTRY PROGRESS

Over the years, the Indian paint industry has stood as a dynamic sector, offering a vast array of applications and products that cater to the diverse needs and preferences of customers.

In the recent years, the industry has experienced growth drivers like increase in infrastructure spending, growth in personal mobility largely driven by the SUV segment, a shift towards premium products, a preference for services, a wide adoption of digital technologies and the growing demand for sustainable and low-emission products.

KNPL has undertaken multiple initiatives to leverage these trends to drive business growth.

FINANCIALS

Financial Highlights

A summary of KNPL's standalone financial results for the year ended 31st March, 2024 (FY 2023-24) compared to the standalone financial results for the previous year, FY 2022-23, is as follows:

(₹ in Crores)

Particulars	FY 2023-24	FY 2022-23
Revenue from Operations	7,393.30	7,081.02
Profit Before Depreciation, Interest, Exceptional Item and Tax	1,022.88	793.89
Less: Depreciation and Amortisation	179.96	164.63
Profit Before Interest, Exceptional Item and Tax	842.92	629.26
Less: Interest	12.46	9.73
Add: Other Income	93.11	30.83
Profit Before Tax and Exceptional Item	923.57	650.36
Add: Exceptional Item	642.25	-
Profit Before Tax	1,565.82	650.36
Less: Tax Expenses	382.95	163.93
Profit After Tax	1,182.87	486.43
Other Comprehensive Income	(3.77)	0.16
Total Comprehensive Income for the Year	1,179.10	486.59

Revenue from operations for the year aggregated to ₹7,393.30 Crores as compared to ₹7,081.02 Crores for the previous year, reflecting a growth of 4.4%.

Average crude oil prices during the year decreased over last year. The currency further depreciated during the year, impacting raw material prices.

The deflationary trend that began towards the end of the previous financial year continued in FY 2023-24.

We continued our efforts to control overheads, with all departments working on their tasks and achieving positive results.

During the year, we granted ₹7,23,602 Restricted Stock Units to eligible employees as determined by our Nomination and Remuneration Committee. Consequently, our employee benefits expense includes a provision of ₹12.15 Crores made towards share-based payment expense for the year ended 31st March, 2024.

PBDIT for the year increased to ₹1,022.88 Crores compared to ₹793.89 Crores, reflecting a growth of 28.8%.

Depreciation for the year was recorded at ₹179.96 Crores, slightly higher than the previous year.

Other income increased to ₹93.11 Crores as compared to ₹30.83 Crores in the previous year.

Exceptional item includes gain on sale of factory land at Thane of ₹661.25 Crores netted by impairment loss of ₹19 Crores towards long-term investment in Sri Lanka and Bangladesh subsidiaries.

PBT for the year stood at ₹923.57 Crores compared to ₹650.36 Crores before exceptional items in the previous year, reflecting a growth of 42.0% over previous year. Furthermore, PAT increased to ₹1,182.87 Crores compared to ₹486.43 Crores, showcasing a growth of 143.2%.

Return on net worth for the year is 23.1% as compared to 11.1%, reflecting a growth of 1200 basis points due to increase in net worth and profit due to higher profit earned during the year and exceptional gain on account of sale of land.

During the year, KNPL did not accept any deposits covered under Chapter V of the Companies Act, 2013.

There are no significant or material orders passed by any regulators, courts, or tribunals against us that could impact our going concern status or our operations in the future.

There has been no change in the nature of our business during the year. Additionally, there have been no material changes or commitments affecting our financial position that occurred between the end of the financial year to which the financial statements relate and the date of this Report.

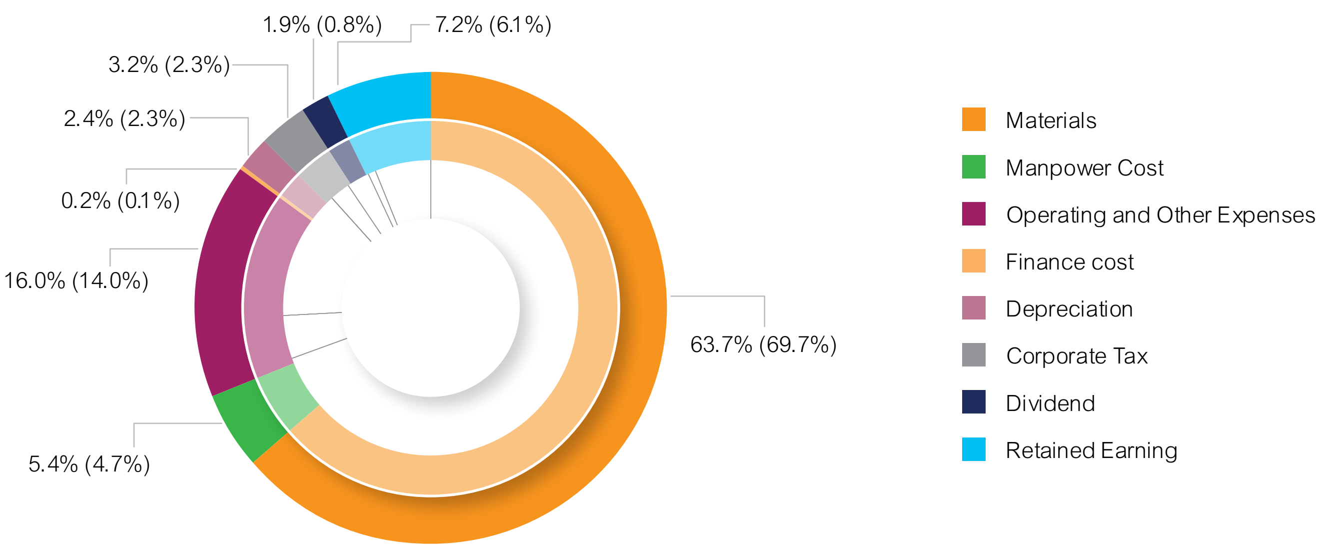
Dividend

The Board has recommended a dividend of 375% (₹3.75 per share), including a special dividend of 125% (₹1.25 per share) for the year ended 31st March, 2024. This compares to a total dividend of 270% (₹2.70 per share) in the previous year.

Key Financial Ratios

Key Ratios	FY 2023-24	FY 2022-23	Difference	% Change
Debtors Turnover (No. of Days)	46	45	1	2.2
Inventory Turnover (No. of Days)	125	117	8	6.8
Interest Coverage Ratio	82	82	0	0
Current Ratio	3.48	2.85	0.63	22.1
Debt Equity Ratio	0.03	0.02	0.01	50.0
Operating Profit Margin (%)	13.8	11.2	2.6	23.6
Net Profit Margin (%)	16.1	6.9	9.2	133.0
Return on Equity (%)	23.1	11.1	12.0	107.7

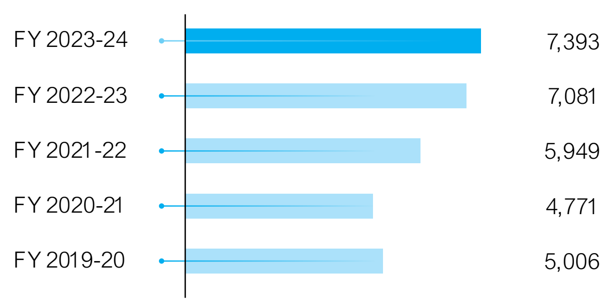
Distribution of Income



Figures in bracket are the corresponding figures in respect of the previous year
Note: Excluding Exceptional item and tax thereon

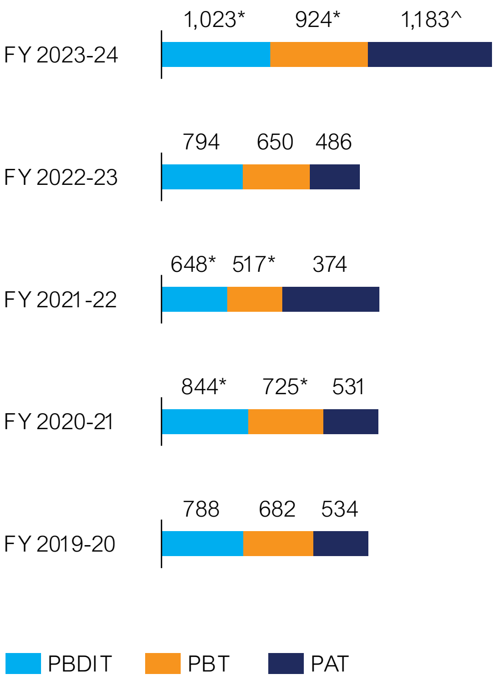
Revenue from Operations

(₹ in Crores)



Profit

(₹ in Crores)



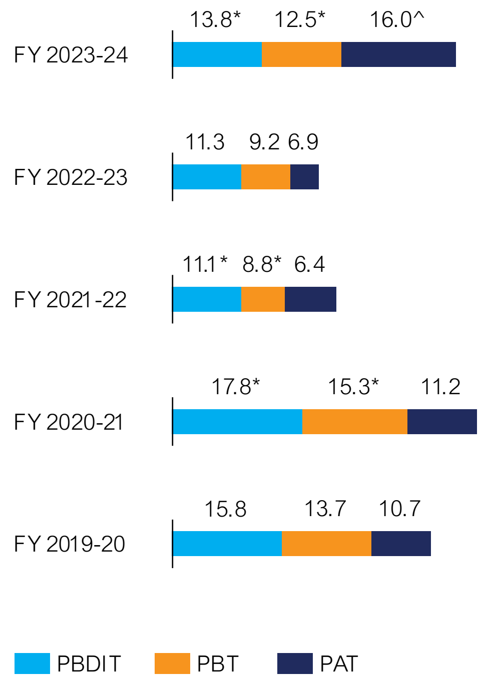
* Before Exceptional Item

^PAT excluding exceptional item and tax thereon is ₹667 Crores

Profitability

Profitability Ratios are based on Revenue from Operations

(%)

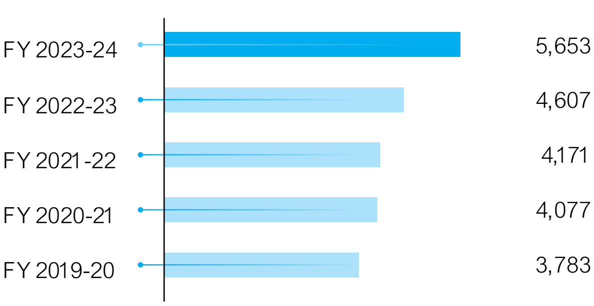


* Before Exceptional Item

^ PAT % excluding exceptional item is 9.2%

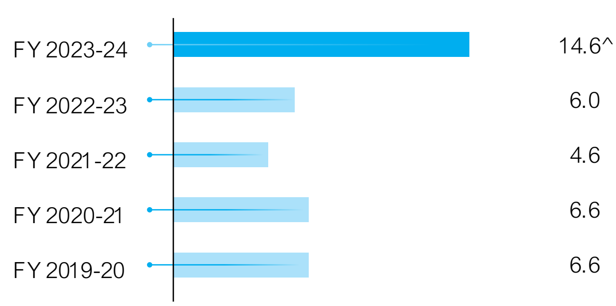
Shareholders' Funds

(₹ in Crores)



Basic Earnings Per share (EPS)

(₹)

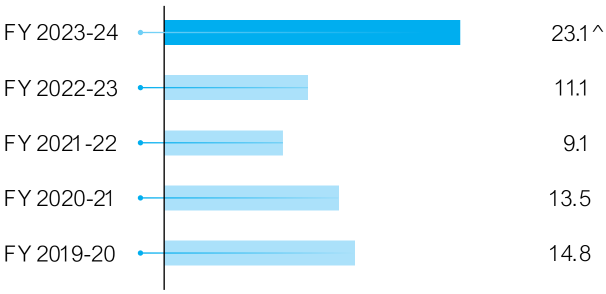


EPS for all years has been calculated considering face value of share of ₹1 each and has been restated on account of bonus issue

^ EPS for FY 2023-24 excluding exceptional gain is ₹8.4

Return on Equity

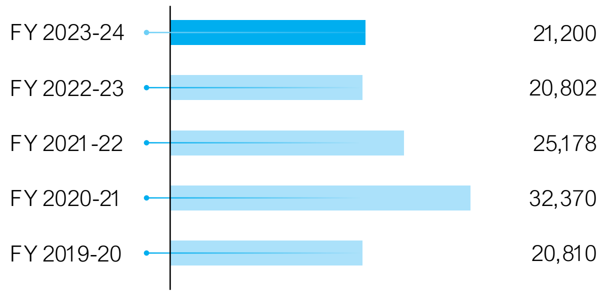
(%)



Profit after tax divided by Average Shareholder's Equity
^ Return on equity excluding exceptional item is 13.9%

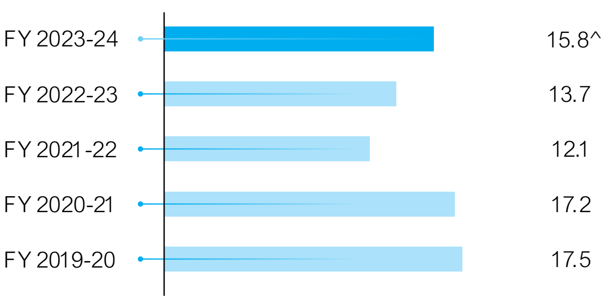
Market Capitalisation as on 31st March

(₹ in Crores)



Return on Capital Employed

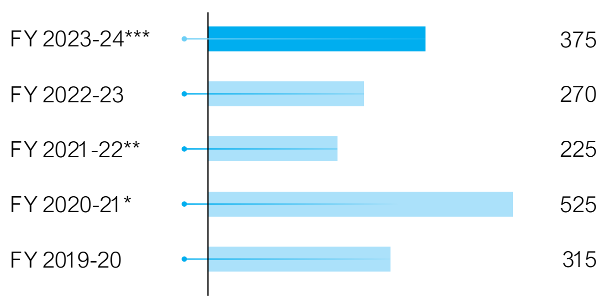
(%)



Profit after tax divided by Average Shareholder's Equity
^ Return on Capital Employed excluding exceptional item is 17.3%

Dividend

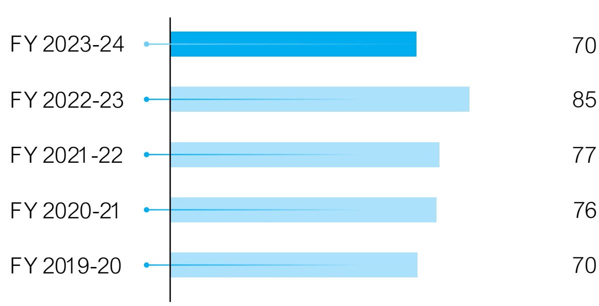
(%)



** Includes interim dividend of 125% and special dividend of 200%*
*** Includes interim dividend of 125%*
**** Includes special dividend of 125%*

Book Value Per Share as on 31st March

(₹)



Book Value of shares for all years has been calculated considering face value of shares as ₹1 each

Subsidiaries and Consolidated Financial Statements

In accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Board has approved a policy for determining material subsidiaries. The policy is available on the website of KNPL at: www.nerolac.com. Further, based on this policy, we do not have any material subsidiaries.

Indian Subsidiary

Nerofix Private Limited

The Company's turnover was recorded at ₹132.80 Crores, compared to ₹146.80 Crores the previous year. The EBITDA during the year witnessed a dip to 1.9%, from 3.7% the previous year. The Company recorded a loss of ₹2.74 Crores, compared to a profit of ₹0.10 Crores in the previous year.

The consolidated financial statements ofKNPL, as of 31st March, 2024, are prepared in accordance with applicable accounting standards and form a part of this Annual Report. All subsidiaries of our Company as of 31st March, 2024, have been considered in the preparation of consolidated financial statements. Additionally, a separate statement in Form AOC-1, highlighting the key features of the financial statements of our Company's subsidiaries, is included in this Annual Report. Furthermore, the Annual Audited Financial Statements of all KNPL subsidiaries are available on our Company's website at: www.nerolac.com.

Overseas Subsidiaries

Operations in Nepal

During the year, the turnover of KNP Japan Private Limited, our subsidiary in Nepal, was recorded at ₹65.92 Crores, compared to ₹81.16 Crores the previous year. EBITDA for the year decreased to 9.6% as compared to previous year at 10.9%. Profit after tax stood at ₹5.49 Crores, as compared to ₹7.04 Crores in the previous year.

Operations in Sri Lanka

The turnover of our subsidiary in Sri Lanka, Kansai Paints Lanka (Private) Limited, for the year stood at ₹34.25 Crores, compared to ₹26.73 Crores the previous year. The Company incurred a loss of ₹7.21 Crores during the year, as compared to loss of ₹3.48 Crores.

Operations in Bangladesh

Kansai Nerolac Paints (Bangladesh) Limited, our subsidiary in Bangladesh, registered a turnover of ₹202.27 Crores for the year, as compared to ₹239.48 Crores in the previous year. The Company incurred a loss of ₹17.52 Crores during the year, compared to a loss of ₹13.27 Crores in the previous year.

SEGMENT-WISE PERFORMANCE

We have only one segment of activity, namely 'paints', in accordance with the definition of 'Segment' covered under the Indian Accounting Standards (Ind AS) 108 on Operating Segments. The performance of our Company is discussed in this Report.

DECORATIVE BUSINESS

Overview

Our Company's rich legacy of over 100 years in catering a comprehensive range of painting solutions that provide 'beauty and protection' has always ensured satisfaction of the evolving needs of our customers.

Our recent growth strategy centred on several key elements. We focussed on premiumisation and introduced unique and democratised products in the Paint+ category. We enhanced the customer experience for our NxtGen services and increased outreach and engagement with key influencers such as painters and architects. Additionally, we expanded into new business segments, including premium wood finish and construction chemicals and built a strong pipeline for our projects business and focussed on network expansion.

Our Company has successfully built Paint+ equity through differentiated product campaigns, while also communicating about our superior technology to our viewers. Additionally, we enhanced our presence by focussing on digital marketing and branding to increase our visibility. This helped us garner significantly higher engagement with consumers for our NxtGen painting services.

We expanded our smart retail solution Nerolac's NxtGen shoppe to provide superior retail experience, along with personalised painting and colour recommendations using Nix Colour sensor.

The 'Illuminati' programme designed for architects and interior designers saw increased presence and engagement through various modes like exhibitions, one-on-one meetings and online seminars, among others.

During the year, we engaged with an increased number of painters through our painter loyalty programme 'Pragati' and several initiatives were undertaken to drive their participation.

KNPL's project business witnessed healthy growth due to increased geographical reach, building a pipeline of project sites and launching separate range of products.

The new business segments experienced a boost, marked by increased saliency in premium wood finish, a diverse portfolio of construction chemicals and enhanced engagement with contractors.

Paint+ and New Product Launches

Value Creation at Every Step

In the reporting year, our Company remained steadfast in our commitment to strategic growth and market leadership. We expanded our business with the launch of more than 15 new products, alongside 4 differentiated products under the brand 'Paint+'. At the same time, we reinforced our core by sustaining growth in the economy and popular segments.

In the Paint+ category, we emphasised providing unique and democratised product offerings to our customers.

This category includes existing products with unique features such as Excel Mica Marble Stretch & Sheen, Excel Everlast 12, Beauty Gold Washable, Nerolac Perma Damp Lock and No Damp+, among others. In the year under review, we added new products, such as the Nerolac Perma Crystal Seal, an innovative product that resists dampness and efflorescence by crystal forming technology and 2 new variants high sheen and matte to our ingenious product, 'Impressions Kashmir', a high-end interior emulsion paint with a unique no-smell feature and luxury finish. We also introduced 'Beauty Little Master Sheen' which exhibits exceptional whiteness and silky-smooth sheen and solidified our position as a provider of diverse, high-quality offerings.

As a result of these unique and democratised product offerings, we were able to increase the saliency of our Paint+ portfolio.

Consumer Services

The NxtGen painting service programme provided a seamless and hassle-free experience by incorporating end-to-end streamlined processes. Furthermore, it adopted a customer-centric approach to cater to the diverse painting needs of consumers.

The programme garnered positive feedback and a strong consumer response, thereby witnessing substantial success. Expanding to over 250+ cities, it encompassed various services, such as client visits, site evaluation, colour consultation and painting application, all delivered by an experienced team.

Furthermore, we have established a digitally enabled robust service structure to ensure seamless, transparent and hassle-free services for our customers. The service capability has been enhanced to deliver 5,000+ sites in a month. To provide enhanced customer experience, we are in the process of deploying value-added services.

Our website provided online tools such as a Paint Budget Calculator, Colour Visualiser and Colour Picker, enabling customers to visualise, select colours and to further assist them in decision-making for their painting needs.

Promotional image for NxtGen Painting Service

Superior Retail Experience

With over 80+ stores nationwide, we have enhanced our customer experience by virtue of our superior retail solutions NxtGen Premium Shoppe 'Sapphire' and NxtGen Premium Shopee 'RUBY'. These platforms provide an immersive and comprehensive solution for home painting needs by offering expert guidance on personalised colour recommendation and need-based product recommendation. Additionally, customers can view actual paint finish panels for enhanced satisfaction.

We introduced Nerolac Colour Sensor with a unique feature which effectively uses Artificial Intelligence to recommend wall colours based on the existing colour of curtains, upholstery, cabinets and furniture.

Influencer Engagement Programme

Pragati Programme for Painters

KNPL's commitment to fostering strong relationships with all stakeholders is evident in our implementation of the Painter Loyalty programme. Our efforts have been focussed on driving secondary sales through enhanced painter engagement. Furthermore, we have increased our secondary manpower to expand our painter network and also provide personalised engagement with our painters.

Our Company has launched several initiatives to provide personalised benefits to the painters through our digital application 'Pragati'. We have used AI platforms to understand the buying behaviour of painters and accordingly, have recommended products and solutions unique to every painter's requirement. As part of these initiatives, we have connected with painters through shop-meets, training programmes and digital media to upgrade their product know-how and have thereby facilitated cross-selling and upselling. Moreover, we have continued to provide real-time benefits like Direct Bank Transfer (DBT) that have enhanced the attractiveness of the programme.

More than 50,000 painters were trained in paint application through classroom sessions.

Illuminati Programme for Architects & Interior Designers

The need for convenience and newer aesthetics has picked up in the recent years, characterised by an increased demand for professional services. Architects and interior designers play a pivotal role in these aspects due to their high influence on consumers' decision-making process. Their vast experience and knowledge about the latest trends, colours and aesthetics allow them to provide customised and superior offerings to satisfy the varied needs of consumers, making them trendsetters of the industry.

Our architect & interior designer programme, known as 'Illuminati', represents a pivotal step in capturing the interest of these industry-leading professionals.

We entered the segment last year and strengthened our position by making significant strides in expanding our reach and influence in the market, evident through our launch in select cities. Additionally, we plan to scale up the business further in the coming years. Our Company has successfully connected with 5,000+ architects, signifying our impactful engagement within the architect community.

We also participated in leading exhibitions, including FOAID Delhi, ABID Kolkata and IDAC Mumbai, where our Company received overwhelmingly positive feedback from architects and interior designers. In these exhibitions, we exemplified our connection with Kansai Paints and the use of Japanese Technology in our products. The attendees were shown the strength of our Paint+ products. We also took this opportunity to launch our 'Exclusive Kansai Select' range of Premium Textures which will be available for Architects & Interior Designers.

'LEAD', a specialised digital application for architect interface, helped enhance the accessibility to product details, product catalogues, track sites, customer tools, rewards and support ticketing system.

KNPL booth at FOAID (Festival of Architecture and Interior Designing), Delhi

Architect's and Interior Designer's Meet

KNPL booth at iDAC, Mumbai Exhibition

50,000+

Painters were trained in paint application through classroom sessions

5,000+

Architects have successfully connected with our Company, highlighting our strong engagement with the architect community

NEW BUSINESSES

Wood Finishes

The wood finish business demonstrated exceptional performance during the year, particularly in the premium segment, surpassing the market trend. The expansion of this business was marked by factors such as the availability of a comprehensive product range, distribution expansion and higher participation by contractors.

New products were introduced in the ICRO range, such as Soft Matt and Bio Coatings, which were well received by the architects and interior designers.

Our range of Bio Coatings is a revolutionary product offering in the PU (polyurethane) market. The product replaces resins and petrochemical solvents with bio-solvents and resins of vegetable origin from controlled cultivations, while also preserving the characteristics of polyurethane paints. Our Bio Coatings offer consistency in quality, cold liquid resistance, anti-yellowing and substantially reduces CO_2 emissions.

For the OEM segment, we have specifically launched our acrylic UV range of products that imparts excellent clarity and has rapid drying characteristic for automated production lines. This product range is accompanied by full-fledged technical services supported by our partners from Italy.

In the reporting year, we expanded by entering new geographies in the Eastern, Western and Southern markets and strengthened our position in the North. Our tinting range continues to expand rapidly with massive growths in the installation of tinting machines.

Furthermore, we have increased our connect with contractors, building their trust and recognising and rewarding their efforts through the PU+ Loyalty programme.

Construction Chemicals

Our construction chemicals business witnessed exceptional growth, beating the market trend. This heightened growth was marked by the launches of unique products, increased project business and overall higher participation from contractors.

We expanded our presence by entering new segments like Admixtures in construction chemicals and Membranes in waterproofing. Our two major star products such as Nodamp and Nodamp+ led the way with significant demand growth. Additionally, our Company launched Crystal Seal, an innovative product which forms a needle like crystal when it meets rising dampness. This product witnessed a very good response, especially in the Western Zone where rising dampness and water seepage complaints are traditionally high.

For the Projects segment, we introduced Nerolac Perma Neroshield, which provides raft waterproofing, barrier to water and excellent chemical resistance to all soil types. The Nerolac Perma Nerotorch Bitumen Primer provides stability at higher temperatures, a rot-free surface and long-lasting waterproofing. On the other hand, the Nerolac Perma crystalline range of products penetrates concrete and seals capillary tracts to provide damp-free surfaces.

The existing comprehensive range of products and services, which includes Liquid Membranes, Tile Adhesives, Admixtures, General Waterproofing & Repairs, Crack Fillers, Structural Repairs (Micro Concrete, RMP), Waterproof Putty and Industrial Grouts, provides a one-stop solution for the construction chemical requirements of the customer.

In the fiscal year, our contractor strategy involved Increasing reach and strengthening loyalty, which resulted in an expanded market presence and deeper customer connections.

Promotional Image for Nodamp+

Adhesive

The adhesives segment has showcased a relatively subdued performance this year; however, our Company has focussed on streamlining operations in the segment. In the year under review, we added new products, increased engagement with carpenters and boosted marketing support for our adhesive business.

This year, we also launched the Nerofix premium carpenter annual scheme, which was very well received and the retention of carpenters has been extremely encouraging.

Projects

In the fiscal year, KNPL's projects business surpassed the industry's total market growth. Our business strategy focussed around expanding our geographical reach, adding contractors and concentrating on Government and CHS projects.

We increased our presence across 75+ towns, resulting in a noteworthy increase in the percentage of contractors engaged with our Company.

We strengthened our project team to maintain a strong pipeline of potential projects, reflecting our proactive approach in securing future business opportunities. Furthermore, our Super Series product range bolstered our Company's offerings, catering to diverse project requirements.

We undertook marquee projects such as Ayodhya Dham, Wankhede Stadium, IIT Roorkee, Lucknow International Airport, Yamuna Expressway and India International Conventional Centre, among others, during the reporting year.

Marketing and Branding

In an effort to build stronger brand connections, we have integrated our iconic Nerolac jingle into all our communications with consumers. Additionally, to enhance our brand appeal, we continued our association with Ranveer Singh as our brand ambassador. Several media campaigns were rolled out for our unique and differentiated Paint+ products, such as Impressions Kashmir and Beauty Gold Washable.

We have built our Paint+ equity through differentiated product campaigns, an increased digital presence and a focus on our Japanese technological advancements in our communication.

To engage with a vast consumer base at both the national and local levels, we have used omni-channel integrated marketing communication, which helped us establish a strong connect with the consumers.

In the reporting year, we increased our digital marketing spend substantially, which resulted in increased website traffic and lead generation. We developed interesting content for social media, covering various areas such as moment marketing, colour catalogue, humour and home aesthetics. Our brand has featured across marquee events such as IPL on Jio Cinema, Asia Cup and Cricket World Cup on Star Sports, India's Best Dancer on Sony TV and other regional channels, ensuring high brand visibility across key markets.

Kansai Nerolac bagged three notable media awards for the 'Har Din Diwali' campaign — the Gold award from e4m Maddies, Gold award from Mobexx and Silver award from MMA Smarties.

Distribution Network

We undertook numerous initiatives to strengthen our distribution network, effectively enhancing market penetration and serviceability. Our Company opened new dealerships and expedited the installation of CCD machines to expand our presence in the market, particularly in rural areas. In the reporting year, we successfully expanded our dealer network. These measures collectively contributed to increasing our market presence in Tier II, Tier III and rural markets, thereby improving our serviceability and ensuring long-term success.

INDUSTRIAL BUSINESS OVERVIEW

India’s vision of building a strong economy is largely dependent on the growth of the industrial sector. The Indian Government has facilitated this growth through various initiatives and policies. The growth can be characterised by a rapid increase in the infrastructure investment, a boom in the automotive industry, increased consumption and production of electronic goods, the need for varied consumer durables and India’s emergence as a manufacturing hub.

The increased infrastructure spending is evident from the Government’s emphasis on projects like expressways, bridges, railways and housing.

The Automotive Mission Plan 2026 has provided a boost to the Indian automotive sector and aims to make the Indian automotive industry the driving factor of the Make in India initiative.

In FY 2023-24, KNPL’s industrial business witnessed a decent surge over the last year. The objective of our industrial business strategy revolved around growth and sustenance by offering technologically superior products, promoting premiumisation, launching sustainable products to reduce VOC and carbon emissions and diversifying our business by entering new segments and businesses.

Our state-of-the-art R&D centre solidified our leadership position in the market by supporting continuous technological launches and advancements. This also allowed us to launch industry-first features and offerings for our customers.

Our agility in aligning with and swiftly responding to the market has been instrumental in driving our Company’s growth.

AUTOMOTIVE BUSINESS

Overview

In the automotive segment, KNPL has established a distinctive presence across a wide spectrum of vehicle segments, encompassing passenger vehicles, two-wheelers, as well as commercial and electric vehicles. This vast portfolio has helped in consolidating our leadership position in the industry. We are currently focussed on developing new technologies and entering new business segments.

The rising demand in the automotive segment has been due to the fast-paced technological advancements, higher disposable income and increased personal mobility among consumers with an affinity towards SUVs. Furthermore, the increasing awareness of climate change has led consumers to prioritise sustainable and cost-efficient alternatives, leading to the enhanced popularity of electric vehicles (EVs) and hybrids.

In the reporting year, KNPL commissioned several lines for ED (Electrodeposition) for multiple OEM manufacturers, demonstrating our capabilities to meet our customer's stringent service and quality standards.

New Segment in the Automotive Business

In our Company's new automotive segment, we strengthened our position in alloy wheels and entered zinc-flake coatings, PT and Booth chemicals. This helped solidify our existing portfolio with seam sealers and underbody blacks.

Our strategic investments in new business segments, product development and technology upgrades have helped strengthen our market position and meet and align ourselves for long-term success in the automotive industry.

Passenger Vehicles

Our passenger vehicle segment demonstrated consistent growth, maintaining the upward trajectory and momentum established earlier during the year. This growth was particularly fuelled by the SUV segment, which showed considerable resilience and strong demand. The introduction of new models further bolstered this trend, attracted consumer interest and contributed to the overall expansion of the passenger vehicle market.

Importantly, we capitalised on the growth trend, utilising our strong focus on serviceability and manufacturing prowess, which is effectively backed by our state-of-the-art R&D infrastructure.

In the PV segment, our Company introduced products with high functional and aesthetic appearance. We launched Tin-free CED suitable for nano pre-treatment and characterised by superior surface preparation and better edge protection. The introduction of Tin-free CED demonstrates KNPL's commitment to delivering high-quality products that meet the evolving needs of the market.

Additionally, we launched high-performance acid etch clear for the alloy wheel segment, a proof of our dedication to technological innovation and efficiency, setting new benchmarks in the passenger vehicle segment.

Automotive Coating - Passenger Vehicles

Two-Wheeler

The two-wheeler segment witnessed a subdued performance in the first half of the year but bounced back during the festive season in the second half.

The market for two-wheelers offers significant growth potential, with an increased demand observed for high-quality, durable and attractive two-wheeler paints. The market is driven by factors such as the growing adoption of electric two-wheelers, rising concerns of carbon emission and rapid urbanisation. At KNPL, we have a deep understanding of consumer preferences, industry trends and technological advancements and are committed to adapting our product offerings to meet evolving market demands.

In line with our commitment, we have introduced a common low-bake monocoat metallic for metal & plastic, our high-bonding base coat suitable for powder coating primer and a heavy metal free primer for petrol tanks of motorcycles. This further demonstrates our unflinching pursuit of durability and long-term performance, meeting the rigorous demands of the industry.

Automotive Coating - Two Wheeler Vehicles

Commercial Vehicles and Tractors

KNPL's automotive business witnessed continued growth momentum in the medium & heavy commercial vehicle segment. The trend reflected a growing demand for logistics, network expansion and increased infrastructure spending. The tractor segment was saddled due to the low demand caused by a slowdown in agricultural activities.

In the reporting year, we introduced anti-corrosive primer, which improved the durability of the vehicles and enhanced topcoat workability.

Automotive Coating - Tractors

Electric Vehicles (EV)

Electric vehicles (EV) are steadily making their mark in India's growing passenger vehicle market. Our Company's leadership position in the EV segment is a result of our continuous proactive endeavours in market penetration and portfolio expansion. This has been through the introduction of vibrant colours, aimed at staying ahead of colour trends.

At KNPL, we have aligned ourselves with the evolving customer preferences in the electric passenger vehicle and two-wheeler segments. As such, we have successfully solidified our presence across major OEMs and have achieved noteworthy advancements in market share.

Automotive Coating - Electric Vehicles

PERFORMANCE COATING

Business Overview

KNPL has showcased appreciable business growth during FY 2023-24. Our efforts revolved around premiumisation, the introduction of newer technologies, securing new approvals and network expansion.

These efforts have been reflected in our focus on delivering high-quality coatings that meet the highest industry standards.

In the powder segment, we have a comprehensive product portfolio of premium products suitable for varied applications such as rebar coatings, construction equipment, super durables, pipe coatings and heat resistant powders.

In liquid coatings, we successfully secured new approvals from customers for multiple collaborations in segments, such as high-end coating for bridges, railways, the oil & gas segment and appliance coatings.

This strategic move has allowed us to expand our product offerings and reach a wider customer base. By providing our clients with a large array of choices, we have met their unique needs and exceeded their expectations.

Performance coating for infrastructure projects

Powder Coating

KNPL experienced marginal growth in the powder segment, while the premium segment witnessed a strong growth. The higher growth and saliency in the premium segment has resulted in an improved bottom-line. Our Company's commitment to quality and customer satisfaction has enabled us to enter new and competitive businesses, supported by our strength in technologically advanced products.

The growing affinity for metallics and vibrant colours inspired us launch to the 'Exotica Clear powder'. Having a unique glitter & sparkle, this powder can be applied on any base coat for OEM and consumer electronics and has helped us remain at the forefront of industry trends.

Liquid Coating

For FY 2023-24, both the general industrial and high-performance coating segments recorded strong growth. In coil coating, we witnessed decent demand growth.

In the reporting year, KNPL focussed on premiumisation and new technological advancements like anti-carbonation, fluro-polymer based multi-coats 2C-1B systems and coatings for internal pipes. Consequently, the premium segment expanded at a much faster rate, thereby increasing its saliency in the overall liquid coating segment.

Our Company also increased manpower in unrepresented areas and used differentiated communication strategies to reach out to more dealers, resulting in improved business from the channel.

On the whole, we are well-positioned to maintain our growth trajectory in this segment and continue to meet customers' evolving needs, powered by our Company's strong foothold and technological synergy with KPJ & Group Companies.

AUTO REFINISH

KNPL also witnessed healthy growth in the automotive refinish business, marked by increased growth in the premium segment due to authorised A-class body shops.

The strategic focus on the automotive refinish business was centred on leveraging new technologies, broadening the range of ancillary products and expanding the existing network. This strategic approach aimed to enhance competitiveness, improve product offerings and strengthen market presence.

In the reporting year, KNPL also introduced the next-generation waterborne paint system, RETAN WB EV. This innovative product launch signified our commitment to staying at the forefront of technological advancements in the coatings industry.

RESEARCH & DEVELOPMENT (R&D)

Overview

In recent years, our Company has established itself as a trailblazer in the coatings industry. KNPL's R&D team is focussed on developing innovative solutions that cater to our customers' dynamic needs, while aligning with the organisation's sustainability objectives. In the reporting year, we filed two patents related to paint composition and the process of preparing paints.

One of our standout achievements included the introduction of ground-breaking technologies which met the stringent requirements of the industry.

KNPL thrived in automotive coatings with remarkable success, by introducing technologies which helped reduce resource use and energy consumption. We developed products which are free of heavy metals and are designed to enhance performance while adhering to stringent environmental standards.

In the performance coatings domain, KNPL has introduced cutting-edge solutions tailored for specific applications, such as a high-performance coating system for semi high-speed railway coaches. These developments underscore KNPL's commitment to pushing the boundaries of innovation while addressing critical industry challenges.

Our R&D team works closely with value chain partners on value engineering, localisation and supply risk mitigation.

Collaboration with Kansai Paint, Japan, Kansai Paint Group Companies

Over the years, we have sustained our technological dominance in industrial coatings by staying ahead of the competition. We received valuable assistance and technical guidance from Kansai Paint Co., Ltd., Japan ('KPJ'), a leading global player in the field with years of experience in designing and developing technology. Accordingly, we collaborated closely with KPJ to develop customised paint and resin formulations tailored for Indian customers. We developed tin-free CED, stoving primer for 4W body application and several other products with high aesthetics and functional performance. KPJ also provides customers with the knowledge of emerging global colour trends and offers first-class technical assistance to Indian clients based on their experiences across the world.

Additionally, our Company collaborates with the KPJ Group companies across the globe to provide Indian customers with differentiated technologies across a spectrum of end-user industries. These include industrial coatings, coil coatings, ARF and decorative paints.

Key Developments in Decorative Paints

Aligned with our Paint+ positioning approach to delivering products with differentiated features, our R&D team has relentlessly worked towards developing innovative and unique solutions for varied customer needs.

We have captivated the economic segment of the market with Beauty Little Master Sheen, an innovation that showcases a soft, alluring sheen, brighter finish, good durability and coverage and excellent washability.

In the construction chemicals category, we have launched Nerolac Perma Crystal Seal, a pioneering solution that forms needle-like crystals upon encountering rising dampness, effectively preventing water seepage.

Furthermore, we have developed a crystalline range of products and High-Density Polyethylene (HDPE) membranes. The crystalline technology used in the products penetrates concrete and seals capillary tracts, provides excellent waterproofing, self-heals cracks and is non-toxic for the environment. The HDPE membranes act as a barrier to water, moisture, gas and provide excellent soil resistance.

In wood finish, we have launched RTU Acrylic Lacquer, available in both glossy and matte finishes, providing versatile options for enhancing the aesthetic appeal of wooden surfaces. Additionally, we have expanded our 2K Gloria shade offering by introducing an impressive array of 192 RAL shades, offering unparalleled variety and customisation for our valued customers.

Key Developments in Automotive segment

KNPL's Automotive paints division benefits from our strong in-house R&D expertise and support from KPJ, giving it an edge over competitors. The R&D team collaborates closely with clients to create long-term product roadmaps and shade designs. The team also works closely with them to develop customised value-added and value-engineering projects that deliver significant value in areas such as finish, consumption reduction, productivity and energy savings.

Passenger Vehicle Segment

In the passenger vehicle (PV) segment, KNPL has introduced a new variant of Tin-free CED(Cathodic Electro Deposition). This variant is suitable for nano pretreatment with high solid emulsion technology, is free from heavy metals and Hazardous Air Pollutants (HAPs) and has low VOC emissions. Notably, the innovative product reduces dry film thickness, resource and energy consumption during baking, contributing to a more sustainable coating solution in the PV segment.

Additionally, we have launched a high-performance acid etch clear specifically designed for the alloy wheel industry. This launch has expanded our range of advanced coating solutions in the PV segment and has demonstrated our commitment to innovation, sustainability and strategic partnerships.

These advancements position our Company as a market trailblazer-leader in the PV segment, offering high-quality, eco-friendly and efficient coating solutions to all our customers.

Two-Wheeler Segment

Our Company has achieved notable progress in the two-wheeler industry through the implementation of a universal conductive primer compatible with various plastic components, such as ABS, PP, Nylon and their diverse grades. By ensuring uniform conductivity among various plastic materials, this novel precursor optimises the coating procedure in the two-wheelers.

Our Company has also developed a primer devoid of heavy metals and specifically engineered for petrol tanks of motorcycles, with environmental and safety considerations taking precedence. Apart from this, we have introduced a high-bonding base coat, which is compatible with powder coating primers and provides high corrosion resistance. Our low-bake monocoat metallic for metal and plastic products is another new addition, assisting clients in decreasing the baking temperature and inventory.

Such technologically advanced products can address the specific requirements of the two-wheeler market by guaranteeing long-lasting and resilient coating applications

Commercial Vehicles Segment

In the commercial vehicle segment, KNPL has achieved significant milestones. We have developed a low-bake 2K PU 3C1B system, set to replace the existing 3C1B TSA system. This variety offers greater finish, chemical resistance and performance at a lower baking temperature.

Furthermore, a high-performance anticorrosive primer has been introduced for the painting of commercial vehicle bus bodies. This primer is tailored to meet the specific requirements of bus body painting, offering superior corrosion resistance and durability. It represents a significant advancement in coating technology, ensuring long-lasting protection and a smoother finish.

These developments underscore KNPL's commitment to innovation, quality and sustainability in the commercial vehicle segment. Our Company's advanced coating solutions are designed to meet the evolving needs of customers and enhance the overall performance and longevity of commercial vehicle coatings.

Key Developments in Performance Coatings

In the performance coatings segment, KNPL has made significant strides in innovation and sustainability. Our Company has developed a high-performance coating system for semi high-speed railways, featuring superior aesthetics and a longer lifespan. This development addresses the growing demand for durable and visually appealing coatings in the transportation sector.

Furthermore, KNPL has devised high-performance coating systems in response to a new specification for refineries. We have approved new products for maintenance and have begun new projects at various locations within the refinery. Additionally, we have introduced a solvent-free epoxy glass flake exterior coating for refinery pipelines that offers enhanced durability and sustainability, aligning with industry trends towards eco-friendly solutions.

For the railways, KNPL has formulated an Epoxy High Build Primer and CELATECT Topcoat with fluoro polymer. These products offer superior performance and durability, addressing the specific needs of the rail industry and enhancing the overall quality of coating solutions in the performance segment.

These key developments highlight KNPL's commitment to innovation, sustainability and customer satisfaction, positioning our Company as a market leader in the industry.

Key Developments in Powder Coatings

Within the powder coating segment, our Company has achieved notable progress in adhering to industry norms and diversifying our range of products.

Our Company has introduced Exotica Clear powder for the OEM/Fan market segment. This innovative product features a distinctive glitter and lustre, adding a touch of elegance and sophistication to any base coat. The versatility of Exotica Clear powder allows it to be applied to a wide range of base coats, making the product a popular choice for customers seeking a unique and eye-catching finish.

These key developments demonstrate our commitment to innovation, quality and compliance, making our Company a trusted and reliable supplier of powder coating solutions in the market.

Key Developments in Coil Coatings

With regard to coil coatings, our Company has developed a high-build coating system, Nerocoil, which boasts increased durability and longevity. Nerocoil is designed for puff-panels on high-rise structures, airports and other such applications. Notably, this innovative product is suitable for both domestic and international markets, addressing the increasing demand for coated metals in infrastructure development and construction projects.

Coil Coatings

Key Developments in Auto Refinish

In the reporting year, we launched a next-Gen Water borne paint system RETAN WB EV. This innovative product line is focussed on maintaining sustainability, improving efficiency and minimising environmental impact in terms of low VOC and carbon footprint.

Instrument Analysis and Analytical Capabilities

We have invested in a vacuum metalising set-up to build our capabilities for entering new and niche market segments.

SUPPLY CHAIN

At KNPL, we embrace the diverse challenges within our supply chain as opportunities for growth and innovation. From navigating geopolitical uncertainties to managing crude oil price fluctuations, forex volatility and sustainability priorities, we approach each challenge with a strategic mindset. These hurdles serve as catalysts for enhancing our operational efficiency, fostering cost-effectiveness and reinforcing our resilience in a dynamic market landscape. By proactively addressing these challenges, we are poised to strengthen our supply chain, optimise performance and uphold our indomitable commitment to sustainability and ethical practices.

Our Company has an extensive supply chain network of eight owned factories and multiple Processing Centres for flexible production support.

Our supply chain at KNPL continues to be a source of competitive advantage and ensures the highest standards of quality in manufacturing and leading benchmarks in costs. Moving forward, we aim to enhance the agility and resilience of our supply chain further by investing in our capabilities and deploying advanced technologies to drive better efficiencies across the value chains.

The focus of KNPL's supply chain is to deliver utmost value to stakeholders with superior services, increased agility and a sharp focus on sustainability. Rapid digital transformation in the customer landscape requires our supply chains to be at the forefront to be able to serve the fast-evolving customer needs. Our Company's supply chain is progressing through a holistic digitisation journey based on a 'plan, source, make and deliver' approach, leveraging the power of data, technology and analytics. Our digital planning strategy aims to provide predictability, enable optimisation and drive the agility of our planning decisions in the face of emerging demand fluctuations. For the sourcing of raw materials, we are aiming to use digitisation to enable right price discovery, competition analytics for value unlocks, better traceability and compliance tracking.

The end-to-end digital transformation of our supply chain and purpose-led partnerships will enable us to create a future-fit supply chain.

INFORMATION TECHNOLOGY

Our commitment towards investing in advanced technology solutions is focussed on fostering seamless collaboration, extracting valuable insights, improving operational efficiencies and delivering captivating customer experiences.

To achieve these goals, we are actively exploring strategies to incorporate cutting-edge technologies that leverage people, products and processes.

Our IT strategy entails making customer-facing processes more technology-driven and real-time. Alongside, business processes are being made more responsive to market needs and operational costs are being optimised using advance technology. We have gone live through our Ariba–SAP Procurement Portal for indirect purchases, which is set to digitise the entire procurement process.

A real-time visibility can be helpful for making business decisions and is required specifically to manage complex supply chains and streamline operations at various levels. Our Integrated Business Planning tool to provide real-time supply chain visibility is under implementation. This tool can be integrated with our core ERP system to get a connected view on managing real-time demand and can help align our supply chains accordingly.

We have also started our E-commerce journey to provide robust, advance and interactive digital platform to support our decorative business strategy.

For benchmarking ourselves in world-class manufacturing, we have made several technological advancements on the manufacturing forefront. These include IOT-enabled technology for measuring the performance KPIs for smart manufacturing and bar-coding for issuance of materials in the manufacturing processes.

At KNPL, we have strengthened our cybersecurity posture to make our IT framework stronger and more resilient. We are also focussing on continuous improvement in IT end user experience by deploying user-friendly office applications which can help improve the efficiency and speed of our operations with required controls.

PEOPLE

At KNPL, our philosophy is deeply rooted in cultivating a culture that encourages collaboration, innovation and empowerment. We have proactively cultivated a work environment that prioritises the needs and well-being of our employees, recognising that their growth and happiness are integral to the organisation's success. This approach revolves around building a culture of openness, collaboration and empowerment, where employees feel valued, heard and empowered to contribute to organisational development. As of the end of FY 2023-24, we had a total of 3,784 permanent employees who embody our core values and proudly identify themselves as part of the **'I AM Nerolac' family.**

Innovation, Collaboration, Empowerment

In the reporting year, we launched 'AVINYA', a transformative digital space that facilitates the sharing and development of innovative ideas among employees. To foster a culture of innovation, we launched 3 innovation seasons during the year. Each of the seasons revolved around a specific agenda that we wanted to drive as part of our innovative endeavours. The AVINYA platform was deployed to generate and evaluate ideas in a structured and well-defined process. The platform actively engages employees in the idea generation process and encourages them to provide solutions to specific issues. The social features of the platform, such as likes, shares and comments, foster a sense of community and collaboration among employees, promoting a culture of innovation and creativity.

The innovation seasons have received an overwhelming response from employees across all functions, with over 1,000 ideas contributed during the year. The ideas generated encompassed a wide range of themes, reflecting the diverse perspectives and expertise of the workforce. Post rigorous assessment, the top ideas were further shortlisted and selected for implementation.

By promoting a collaborative environment for idea generation and implementation, the AVINYA platform empowers employees to take ownership of their ideas and contribute to the organisation's success.

AVINYA

Innovation Platform 'Avinya'

Employee Well-Being

Our Company values a thriving work environment where employee well-being takes precedence, recognising that a healthy body and mind are essential for achieving outstanding results. To support this, KNPL launched several initiatives, including the Wellness Corner App, which caters to both physical and mental well-being and provides access to experts.

Additionally, we initiated the Step Challenge 2.0 to promote a healthy lifestyle, with Nerolites collectively walking 53 Crores Steps.

We recently started hosting Wellness Wednesday sessions, which cover a wide range of themes like mental and physical health, productivity, emotional intelligence and more.

Step Challenge 2.0

Wellness Wednesdays

Capability Building

Developing employee capabilities is essential for nurturing a strong leadership pipeline and enhancing skills to achieve professional objectives, while improving team efficiency.

In the reporting year, KNPL launched Abhyaas, an online audio-visual self-learning tool focussed on product training. It is designed to educate employees and new joinees on various aspects like product features, unique selling proposition, product comparison and benchmarking.

We continued our unique Capability Building Programme in collaboration with world-class organisations, aimed at preparing a leadership pipeline for KNPL and making them future-ready.

Additionally, we introduced Lead with Impact trainings for managers to enhance their skills and knowledge as they advance in their careers, contributing to achieving their professional goals and improving overall efficiency within their teams.

Our Advanced Sales Training programme empowers sales front-liners with essential skills, knowledge and confidence for effective customer interactions, understanding needs and successfully closing deals.

Furthermore, we provide upskilling opportunities to our employees through Percipio, our digital academy, which offers opportunities for employees to develop their skills and advance their careers.

Lead with Impact Training Programme

Employee Connect

Enhancing employee connect is vital for promoting collaboration, knowledge sharing and engagement, which ultimately strengthens the relationship between employees and the organisation.

KNPL engages employees with the Life@Nerolac initiative. This year, our Company launched the initiative on a digital platform to enhance employee experience, promote collaboration, knowledge sharing and engagement. The platform empowers employees to share updates, ideas and praise each other, fostering a sense of community and camaraderie within the organisation.

Additionally, we have established several effective employee connect and communication platforms. These platforms, including the MD's Townhall, Coffee with HR, Works Manager Address and Annual Learning Conference, significantly strengthen the relationship between employees and the organisation. Through these initiatives, employees are encouraged to stay informed, actively participate and feel valued and involved in our Company's activities.

Works Manager address at Sayakha Plant

Annual Learning Conference

Nurturing Talent

Nurturing talent is essential for hiring and developing the best employees. It provides opportunities to grow and succeed within the organisation, fostering a strong talent pipeline.

To nurture talent, we have introduced Campus Collaboration, a key initiative through which we recruit promising graduates from reputed management and technical institutes. We are committed to hiring the best talent and empowering them with opportunities to thrive and succeed within our organisation.

Gurukul's aim is to hire fresh talent from the institute for Summer Training Programme. Aarambh' s aim is to hire talent and nurture Gurukulers to transit to Aarambh Campus Programme via PPO's where they are further hired as Management Trainees, Graduate Engineering Trainees, Technical Trainees and Sales Trainees based on educational qualifications. This initiative is thoughtfully designed to hire and groom freshers, nurturing them to become future leaders in their respective fields. Geared towards facilitating a seamless transition, this programme is designed to assist freshers in smoothly entering the corporate world by providing them with a solid foundation in their chosen fields.

Furthermore, we have launched the Neon Innovation Challenge, which has garnered participation from several prestigious campuses. Students from different backgrounds and disciplines collaborated to solve problems. The challenge was designed to be a real-world experience for the students, where they were required to apply their theoretical knowledge to practical problems.

Performance Management

KNPL's performance management process encompasses setting goals, mid-year check-ins and annual performance evaluations. Our Company's performance dashboard provides timely feedback on key performance indicators, empowering employees to stay on track and make necessary adjustments.

At KNPL, our focus on employee well-being, connection, capability building and talent nurturing has earned us our recognition as a Great Place to Work. This showcases our Company's commitment to creating a positive work environment that fosters the growth and development of our employees.

Plant induction of new joinees at Sayakha Plant

COMMUNITY DEVELOPMENT

KNPL's commitment to corporate social responsibility (CSR) extends beyond the confines of our operations, radiating outwards to benefit society. Guided by a philosophy of being a conscientious and compassionate neighbour, KNPL strives to contribute meaningfully to the betterment of humanity, particularly for the underprivileged communities. In line with this objective, we have linked our CSR programmes to the United Nations' Sustainability Development Goals (UNSDGs), emphasising the organisation's dedication to sustainable development and social responsibility.

The current fiscal year saw our Company enhance our CSR efforts, with a focus on 29 districts from the aspirational districts designated by the Government of India. These initiatives have been designed to benefit the underprivileged sections of society and enhance KNPL's reputation as a responsible corporate citizen. Through these actions, our Company also aims to encourage individual employees to embrace their societal duty, developing a sense of compassion and awareness towards those in need.

KNPL's CSR initiatives are varied and multifaceted, encompassing from rural/community development to promoting education, ensuring environmental sustainability and providing preventive healthcare & sanitation. With more than 28% of KNPL's employees volunteering for such activities in the FY 2023-24, we are succeeding in fostering a culture of social responsibility among our workforces.

School Bags & educational material distribution as a part of CSR Activity.

Group farming initiative near Lote Plant

Under our Women Empowerment Programme, we have undertaken projects such as group farming through livelihood intervention and tailoring courses. In the Group Farming project, our Company has impacted the lives of around 20 women from villages near our Plants. The area for cultivation has increased by more than five-fold and agricultural production has increased by nearly six-fold. The total area of land under cultivation was around 10 acres which has now reached 21 acres. We have also conducted training sessions for women on stitching and tailoring, whereby 60 women have been trained. The aim of this initiative is to enhance the skills and help the women contribute to the household income.

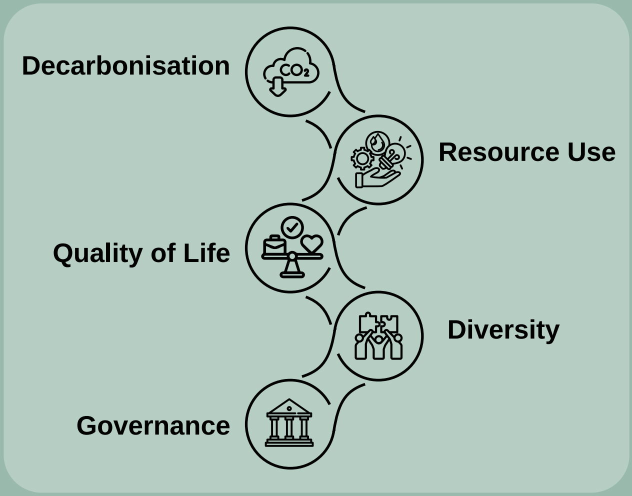
In the area of healthcare and sanitation, KNPL provides necessary equipment and support to nearby hospitals to aid in the treatment of related diseases. In the pursuit of environmental sustainability, our Company has taken a proactive approach by implementing various initiatives such as planting trees, harvesting rainwater, conducting cleanliness drives and promoting the use of solar energy. These efforts have contributed to improving the quality of life on land and paved the way towards a greener future.

ENVIRONMENT, SOCIAL AND GOVERNANCE

At KNPL, the concept of material issues involves identifying and prioritising key concerns that significantly influence our capacity to generate value for stakeholders. These material issues are deemed crucial due to their potential to substantially impact our Company's commercial sustainability, social significance and stakeholder relationships.

By recognising and addressing these material issues, we aim to proactively manage our impact, enhance our resilience and uphold our commitment to creating sustainable value for all stakeholders.

KNPL has identified 5 materiality as follows:



OPPORTUNITIES AND THREATS

Information for this section can be found in the 'Opportunities and Threats' section under the Corporate Overview.

RISKS AND CONCERNS

Information for this section can be found in the 'Risks and Concerns' section under the Corporate Overview.

OUTLOOK

The Indian paint business is dynamic, offering a wide range of products to meet varied consumer needs. With the Government's focus on infrastructure, affordable housing and smart cities, the demand for paint in India is projected to rise. The industry holds immense growth potential, both in the near term and long term, especially with the entry of new players fostering market expansion and innovation.

Consumer preferences are evolving rapidly, favouring sustainable products and embracing digital and social media platforms. This trend is expected to continue, paving the way for further product innovation and sustainability initiatives.

We are committed to creating value for our stakeholders in the medium to long term, while strengthening the culture of innovation, collaboration and empowerment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Our internal control systems are designed to monitor and manage our day-to-day operations efficiently. These systems ensure compliance with numerous concepts, regulations and norms, adhering to methodology requirements. To enhance our internal control mechanisms, we have implemented an Internal Financial Control system in compliance with the provisions of Section 134(5)(e) of The Companies Act, 2013. This system provides the Board of Directors with additional oversight capabilities. The implementation of these systems follows the framework outlined in the Guidance Note on Audit of Internal Financial Controls in Financial Reporting issued by The Institute of Chartered Accountants of India, aimed at addressing KNPL's operational and financial risks. Moreover, our systems undergo testing by statutory auditors using automated techniques.

Control Efficiency Index and Robust Control Index

The Control Efficiency Index (CEI) and the Robust Control Index (RCI) remain integral to our Company's strategy for assessing internal audit effectiveness. We measure our control mechanisms against industry benchmarks to maintain efficient operations. Our internal audit programme focusses on determining gaps in control design, policy design, control or process deviations, IT systems and regulatory compliance. Additionally, our internal audit programme evaluates the potential for automation in control processes and we leverage audit results to enhance our Company's internal controls.

Compliances

KNPL has developed a dashboard to monitor key legislative changes notified by various Government authorities, which are then tracked by the Management for requirements and implementation. Our Company tracks and ensures regulatory compliance online through the Legatrix system. The system is updated regularly with all the changes in compliance as they occur. The online tracking and tracing of completion help ensure strict adherence to regulations. In addition, our Company tracks any legal cases through the Roznama System.

AWARDS AND RECOGNITION

Category	Forum	Award
Sustainability	**Ecovadis**	KNPL was awarded the Bronze Medal by Ecovadis in recognition of our achievements towards sustainability.
	GRIHA	Our decorative water-based products, including interior and exterior emulsions and construction chemicals products, have received the GRIHA Certification.
Customers	**Honda Car India Ltd**	KNPL was awarded the Best Vendor Award from Honda Car India Limited
	TVS	We received an Appreciation Award from TVS for our swift response and support.
	TKML	Our Hosur Plant was presented with the Best Supplier Award 2022-2023 from TKML.
	OJUS	Our Hosur Powder-Coating Unit received the Appreciation Award from our customer OJUS for consistent supply and support.
Human Resources	**Great Place to Work**	KNPL has achieved yet another milestone by being recognised as a certified Great Place to Work.

Category	Forum	Award
CSR	**Uttar Pradesh Government**	Ms. Anandiben Patel, the Honourable Governor of Uttar Pradesh, has acknowledged our Company's Jainpur Plant for the commendable efforts made towards promoting education.
Kaizen	**Confederation of Indian Industry (CII)**	Our Goindwal Sahib Plant received the Gold Award in the 46th CII National Level Kaizen Competition, securing the first place in the Renovative Category.
		KNPL's Goindwal Sahib Plant was presented with the Gold award in the 46th CII National Level Kaizen Competition, securing the first place in the Innovative Category.
	Quality Circle Forum of India (QCFI)	Our Bawal Plant participated in the Quality Circle Forum of India (QCFI) - Delhi Chapter - Jainpur Subchapter and achieved two GOLD Awards under the Kaizen Category.
Manufacturing	**Foundation for Accelerated Mass Empowerment**	KNPL's Bawal plant also received the Platinum Award in the Safety Excellence category from (FAME) Foundation for Accelerated Mass Empowerment.
	Confederation of Indian Industry (CII)	Our Lote plant won an award in the Confederation of Indian Industry's (CII) National Six Sigma Competition.
	Indian Manufacturing Excellence Award	Our Sayakha Plant was honoured with the Gold Award at the Indian Manufacturing Excellence Awards (IMEA), 2023
Marketing	**Maddies**	KNPL won the Gold Award at Maddies Awards 2023 for creating a unique online-to-offline solution, helping mobile users connect with local paint dealers
	Mobexx	We received the Gold Award for Mobile Advertising Excellence in Programmatic Campaign by Mobexx for our Har Din Diwali Campaign (Campaign: Nerolac connects digital users with local dealers, impacts online to offline performance)
	MMA Smarties	Our Company received the Silver award from MMA Smarties for our Har Din Diwali Campaign (Campaign: Nerolac connects digital users with local dealers, impacts online to offline performance)
	Interbrand	Nerolac has been ranked the 41 st best brand in Interbrand's list of Best Brands, which is the ultimate recognition for Brands in the world, with the IP ranked as one of the most influential league tables alongside Fortune 500

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis section of this report describing the Company's objectives, estimates and expectations may be 'forward-looking statements' within the meaning of the applicable laws and regulations. The actual results might differ materially from those either expressed or implied.

2. Directors' Responsibility Statement

As stipulated under the provisions contained in Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, ("the Act"), the Board of Directors to the best of its knowledge and belief and according to the information and explanations obtained by it, hereby state that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the directors have prepared the annual accounts of the Company on a going concern basis;

v. the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

vi. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

3. New Projects

During the financial year, the Company has:

1. augmented capacity of Alkyd Resin and Emulsion at its Jainpur plant, to support the increased demand for paints;

2. expanded water-based paint capacity at its Hosur plant;

3. started manufacturing Tin-free CED paint at its Bawal and Sayakha plants, for automotive customers;

4. deployed high speed filling lines at its Hosur plant, to achieve higher mixer turnover and higher operational productivity.

The proposed capacity expansion project at the Jainpur plant for water-based paint and setting up of the Greenfield paint manufacturing unit at Visakhapatnam, are on schedule.

4. Land Monetisation

The Board of Directors of the Company had approved the proposal for sale of Company's land at Kavesar, Thane admeasuring 96,180 sq. mts to Shoden Developers Private Limited, a group company of House of Hiranandani (hereinafter referred to as Shoden Developers) for consideration of ₹ 655 Crores. During the financial year 2023-24, upon completion of procedures and approvals as required for the sale, the Board of Directors approved the aforesaid sale transaction including the sale of additional area admeasuring 910 sq. mts., thus aggregating to a total area of 97,090 sq. mts., together with the transfer of rights in land admeasuring 6,300 sq. mts. at Kavesar for a total consideration of ₹ 671 Crores to Shoden Developers. The Company entered into a Deed of Conveyance on 30th June, 2023, for the aforesaid transaction.

Further, during the financial year 2023-24, the Board of Directors of the Company also approved a proposal for sale of the Company's land parcel at Lower Parel, Mumbai, together with building thereon to Aethon Developers Private Limited, subsidiary of Runwal Developers Private Limited (hereinafter referred to as Aethon Developers), for a consideration of ₹ 726 Crores. Accordingly, the Company entered into an Agreement for Sale with Aethon Developers. The sale is subject to completion of procedures and approvals as may be necessary in this regard. As part of the procedure, the Company entered into an Agreement for Sale with the Bombay Zoroastrian Jashan Committee, Lessor, for purchase of revisionary rights of a land parcel at Lower Parel, of which the Company is the Lessee, subject to requisite approvals, for a consideration of ₹ 48 Crores.

5. Change in Registered Office

During the year under review, the registered office of the Company was shifted from Nerolac House, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013 to 28th Floor, A-wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai 400 013.

6. Directors

In terms of the provisions of the Act and the Articles of Association of the Company, Mr. Takashi Tomioka (holding Director Identification Number 08736654), Non-Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") of the Company and being eligible, offers himself for re-appointment.

Mr. Shigeki Takahara (holding Director Identification Number 08736626), Non-Executive Director and a representative of Kansai Paint Co., Ltd., Japan, the Promoter Company, resigned from the Board of the Company with effect from 26th June, 2023 on the directions of the Promoter Company. The Board placed on record its sincere appreciation and gratitude for the valuable contribution made by Mr. Takahara, during his association with the Company.

The Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Pravin Chaudhari (holding Director Identification Number 02171823) as a Non-Executive Director of the Company with effect from 26th June, 2023, liable to retire by rotation, in the casual vacancy caused by the resignation of Mr. Takahara. The Shareholders approved the aforesaid appointment of Mr. Pravin Chaudhari at the 103rd AGM of the Company held on 26th June, 2023.

None of the Directors are disqualified as on 31st March, 2024 from being appointed as a Director under Section 164 of the Act.

All the Independent Directors on the Board have given a declaration of their independence to the Company as required under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In the opinion of the Board, all the Independent Directors possess integrity, relevant expertise and experience including proficiency required to be an Independent Director of the Company. They fulfill the conditions of independence as specified in the Act and SEBI Listing Regulations, comply with the Code for Independent Directors as prescribed in Schedule IV of the Act and are independent of the Management.

The Company has a Code of Conduct for Directors and Senior Management. All the Directors and members of Senior Management have confirmed compliance with the Code.

Details with respect to the composition of the Board, the meetings of the Board held during the year and the attendance of the Directors thereat have been provided separately in the Annual Report, as a part of the Report on Corporate Governance.

7. Key Managerial Personnel

In terms of Section 203 of the Act, the Company has the following Key Managerial Personnel: Mr. Anuj Jain, Managing Director, Mr. P. D. Pai, Chief Financial Officer and Mr. G. T. Govindarajan, Company Secretary.

8. Meetings of the Board

The Board met 8 (eight) times during the financial year ended 31st March, 2024. The meeting details are provided separately in the Annual Report, as a part of the Report on Corporate Governance. The maximum time gap between any two meetings did not exceed 120 days, as prescribed in the Act and SEBI Listing Regulations.

9. Board Evaluation

In terms of the applicable provisions of the Act and SEBI Listing Regulations, the Nomination and Remuneration Committee and Board of Directors have approved a framework which lays down a structured approach, guidelines and processes to be adopted for carrying out evaluation of the performance of the Directors, the Board as a whole and its Committees. The criteria are broadly based on the Guidance Note on Board Evaluation, issued by the Securities and Exchange Board of India.

Detailed questionnaires covering various parameters relevant for the evaluation are circulated to the Directors. The feedback received from the Directors is discussed at the meetings of Independent Directors, Nomination and Remuneration Committee and Board.

For the year under review, the Board carried out the evaluation of its own performance, its Committees and individual Directors. Evaluation results as collated and presented, were noted by the Independent Directors, Nomination and Remuneration Committee and Board.

10. Particulars on the Committees of the Board

The details with regard to the composition of the Committees of the Board and the number of meetings held during the year of such Committees, as required under the SEBI Listing Regulations, is separately provided in the Annual Report, as part of the Report on Corporate Governance.

11. Audit Committee

In terms of the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act, the constitution of Audit Committee as on 31st March, 2024 is as follows:

Name of the Member	Designation
Mr. P. P. Shah (Chairman of the Audit Committee)	Chairman and Independent Director
Ms. Sonia Singh	Independent Director
Mr. Bhaskar Bhat	Independent Director

The recommendations made by the Audit Committee to the Board, from time to time during the year under review, have been accepted by the Board. Other details with respect to the Audit Committee such as its terms of reference, meetings and attendance thereat are separately provided in the Annual Report, as a part of the Report on Corporate Governance.

12. Corporate Social Responsibility

In terms of Section 135 of the Act, the constitution of the Corporate Social Responsibility ("CSR") Committee as on 31st March, 2024 is as follows:

Name of the Member	Designation
Ms. Sonia Singh (Chairperson of the CSR Committee)	Independent Director
Mr. Anuj Jain	Managing Director
Mr. Bhaskar Bhat	Independent Director

The functions of the CSR Committee are to:

(a) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Act;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the CSR Policy of the Company from time to time.

During the financial year ended 31st March 2024, 2 (two) meetings of CSR Committee were held on 24th November, 2023 and 20th March, 2024 which was attended by all members of the Committee.

The Board on recommendation of the CSR Committee has framed a CSR Policy and the same is available on the website of the Company at https://www.nerolac.com/financial/policies.html.

The Annual Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, including a brief outline of the Company's CSR Policy, is annexed to this Report as Annexure 1.

13. Risk Management Policy

The Company has identified the risk areas in its operations along with its probability and severity, department wise. An effective Risk Management Framework is put in place in the Company in order to analyze, control and mitigate risk. Risk profiling is also put in place for all the areas of operations in the Company and well integrated in the business cycle. The various risks to which the Company is exposed are disclosed as a part of Management Discussion and Analysis, hereinabove.

The Risk Management Framework of the Company comprises of Risk Management Committee and the Risk Officers.

In terms of the provisions of Regulation 21 of the SEBI Listing Regulations, the constitution of Risk Management Committee as on 31st March, 2024 is as follows:

Name of the Member	Designation
Mr. P. P. Shah (Chairman of the Risk Management Committee)	Chairman and Independent Director
Mr. Anuj Jain	Managing Director
Ms. Sonia Singh	Independent Director
Mr. P. D. Pai	Chief Risk Officer and Non-board member on the Committee
Mr. Jason Gonsalves	Non-board member on the Committee

14. Remuneration Policy

The Board of Directors has adopted a policy which deals with (i) criteria for determining qualifications, positive attributes and independence of Director and (ii) remuneration for Directors, Key Managerial Personnel and other employees ("Remuneration Policy").

The features of the Remuneration Policy are as follows:

- The Company, while constituting the Board shall draw members with appropriate skills, experience and knowledge from diverse fields such as finance, law, management, sales, marketing, architecture, administration, research, corporate governance, operations or other disciplines related to the Company's business. There shall be no discrimination on the basis of gender, race, ethnicity and nationality while determining the board composition.

- A Director shall be a person of integrity, who possesses relevant expertise and experience. He shall uphold ethical standards of integrity and probity and act objectively and constructively. He shall exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

  An Independent Director should meet the requirements of the Act and SEBI Listing Regulations, concerning independence of directors. The Company shall also obtain certification of independence from the Independent Director in accordance with the Act and SEBI Listing Regulations.

- The remuneration paid to Whole-time Directors is subject to the limits laid down under Section 197 and Schedule V to the Act and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Whole-time Directors is determined by the Nomination and Remuneration Committee based on factors such as the Company's performance and performance/track record of the Whole-time Directors. The remuneration consists of Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, House Rent Allowance (HRA), Leave Travel Allowance (LTA) and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.

- The Non-Executive Independent Directors are paid commission within the ceiling of 1% of net profits of the Company as specified in Section 197 of the Act. The commission payable to Non-Executive Independent

Directors is decided by the Board, on recommendation of the Nomination and Remuneration Committee, based on a number of factors including number of Board and Committee meetings attended, individual contribution thereat etc. The Non-Executive Directors are also paid sitting fees for attending the meetings of the Board or Committee thereof within the limits prescribed under the Act.

- The objective of the policy is to have a compensation framework that will reward and retain talent.
- The remuneration will be such as to ensure that the correlation of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Key Managerial Personnel, Senior Management and other employees will involve a balance between fixed and variable pay reflecting short and long term performance objectives of the employees in line with the working of the Company and its goals. The short and long term performance objectives cover amongst various aspects industry performance, customer performance, overall economic environment, financial performance and performance on Environment, Social and Governance objectives.
- For Directors, the Performance Pay will be linked to achievement of Business Plan (achievement of short-term and long-term business objective).
- For Heads of Department, the Performance Pay will be linked to achievement of functional plan which is derived from the business plan. The functional plan includes both, short-term and long-term objectives.
- For other management personnel, the Performance Pay will be linked to achievement of individual set objectives and part of this will also be linked to overall Company performance.

The Remuneration Policy is also available on the website of the Company at https://www.nerolac.com/financial/policies.html.

15. Vigil Mechanism – Whistle Blower Policy

The Company, pursuant to Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations, has a Whistle Blower Policy to report genuine concerns and grievances. The Policy provides adequate safeguards against victimisation of persons who use the Whistle Blower mechanism. The Policy also provides for direct access to the Chairman of the Audit Committee. Details with respect to implementation of the Whistle Blower Policy are separately disclosed in the Annual Report, as a part of the Report on Corporate Governance. The Policy is also available on the website of the Company at https://www.nerolac.com/financial/policies.html.

16. Dividend Distribution Policy

The Dividend Distribution Policy of the Company has been formulated to ensure compliance with the provisions of Regulation 43A of the SEBI Listing Regulations. The Dividend Distribution Policy is also available on the website of the Company at https://www.nerolac.com/financial/policies.html.

The declaration of dividend by the Company is in compliance with its Dividend Distribution Policy.

17. Prevention of Sexual Harassment at workplace

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), the Company has adopted a Policy on Appropriate Social Conduct at Workplace. The Policy is applicable to all employees and non-employees including business associates, vendors, trainees etc.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the POSH Act to redress complaints received on sexual harassment as well as other forms of verbal, physical, written or visual harassment.

During the year under review, one complaint of sexual harassment was received and resolved as per the provisions of the POSH Act.

18. Related Party Transactions

The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions which is available on the website of the Company at https://www.nerolac.com/financial/policies.html. In terms of the same, a statement in summary form of transactions with related parties in the ordinary course of business and on arm's length basis is periodically placed before the Audit Committee for its review. Omnibus approval was obtained for transactions which were repetitive in nature. Transactions entered into pursuant to omnibus approval were placed before the Audit Committee for its review during the year. Related party transactions have been disclosed in Note no. 38 to the Standalone Financial Statements.

In terms of the provisions of Section 188(1) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations, all related party transactions that were entered into, during the year under review, were in the ordinary course of business of the Company and on arm's length basis. There were no material related party transactions during the year. Accordingly, Form AOC-2, prescribed under the provisions of Section 134(3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of related party transactions, which are "not at arm's length basis" and also which are "material and at arm's length basis", is not provided as an annexure to this Report as it is not applicable.

19. Particulars of Loans, Guarantees or Investments under Section 186 of the Act

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, are separately disclosed in the Annual Report, as a part of the Notes to the Financial Statements.

20. Particulars regarding Employees Remuneration

Disclosure comprising particulars with respect to the remuneration of directors and employees, as required to be disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as Annexure 2.

21. Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

The statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required in terms of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed to this Report as Annexure 3.

22. Corporate Governance

The Company is in full compliance with the requirements and disclosures that have to be made in terms of the requirements of Corporate Governance specified in the SEBI Listing Regulations.

In terms of the provisions of Schedule V(C) of the SEBI Listing Regulations, a detailed Report on Corporate Governance forms part of the Annual Report. Further, a Certificate from the Statutory Auditors of the Company confirming compliance with the requirements of Corporate Governance as specified in the SEBI Listing Regulations is provided together with the Report on Corporate Governance, the same shall be considered to be an annexure to this Report.

23. Business Responsibility and Sustainability Report

The Business Responsibility and Sustainability Report as required in terms of the provisions of Regulation 34(2)(f) of the SEBI Listing Regulations, separately forms part of the Annual Report.

24. Share Capital

The paid-up Equity Share Capital as at 31st March, 2024 stood at ₹ 80.84 Crores.

During the year under review, the Shareholders, vide postal ballot on 15th June, 2023, approved increase in Authorised Share Capital of the Company from ₹ 66.50 Crores to ₹ 85 Crores and the issue of Bonus Shares in the proportion of 1 (One) New Equity Share of ₹ 1 each for every 2 (Two) existing Equity Shares of ₹ 1 each. Accordingly, the Board of Directors of the Company allotted 26,94,59,860 Equity Shares of ₹ 1 each as fully paid-up Bonus Shares on 5th July, 2023, thereby increasing the paid-up Equity Share Capital from 53,89,19,720 Equity Shares of ₹ 1 each to 80,83,79,580 Equity Shares of ₹ 1 each.

Further, the Company has not issued any convertible securities or shares with differential voting rights or sweat equity shares or warrants.

25. Restricted Stock Unit Plan

The Company introduced the Kansai Nerolac Paints Limited - Restricted Stock Units Plan 2022 ("RSU Plan 2022) in terms of the approval of the Shareholders vide Postal Ballot on 25th October, 2022, to attract, retain, motivate its employees and improve performance of the Company for ensuring sustained growth.

During the financial year 2023-24, there has been no change in the RSU Plan 2022 other than the necessary adjustment to the number of Restricted Stock Units ("RSUs") towards the bonus issue, thereby increasing the total number of RSUs to be granted under the RSU Plan 2022 from 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) RSUs to 80,83,795 (Eighty lakhs eighty three thousand seven hundred ninety five) RSUs.

Information as required under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 have been uploaded on the Company's website at https://www.nerolac.com/investors/financial-results.html and is annexed to this Report as Annexure 4.

26. Details of Unclaimed Suspense Account

Details pertaining to Unclaimed Suspense Account of the Company are separately provided in the Annual Report, as part of the Report on Corporate Governance.

27. Investor Education and Protection Fund ("IEPF")

Transfer of Unclaimed Dividend to IEPF

During the year under review, dividend amounting to ₹ 38.26 Lakhs that had not been claimed by the shareholders for the year ended 31st March, 2016, was transferred to the credit of IEPF as required under Sections 124 and 125 of the Act.

Unclaimed dividend as on 31st March, 2024

As on 31st March, 2024, dividend amounting to ₹ 2.13 Crores has not been claimed by Shareholders of the Company. Shareholders are required to lodge their claims with the Registrar and Share Transfer Agents of the Company i.e. Link Intime India Private Limited (formerly TSR Consultants Private Limited), for unclaimed dividend.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2023, on the website of the Company at www.nerolac.com. The same are also available with the Ministry of Corporate Affairs.

Transfer of Equity Shares

During the financial year 2023-24, 506,542 Equity Shares have been transferred by the Company to the IEPF Authority as required under Section 124 of the Act, as follows:

- 228,597 Equity Shares in respect of which dividend has not been claimed by the members for 7 (seven) consecutive years or more; and
- 277,945 Bonus Shares as benefit accruing on Equity Shares already transferred to the IEPF.

Details of such Equity Shares transferred have been uploaded on the website of the Company at www.nerolac.com. The same are also available with the Ministry of Corporate Affairs.

Nodal Officer

The Company has appointed Mr. G. T. Govindarajan, Company Secretary, as the Nodal Officer for the purpose of verification of claims filed with the Company in terms of IEPF Rules and for co-ordination with the IEPF Authority. The said details are also available on the website of the Company at www.nerolac.com.

28. Statutory Auditors

At the 99th AGM of the Company, the Shareholders had approved the appointment of S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E / E300003) as the Statutory Auditors of the Company, to hold office for a period of 5 (five) consecutive years from the 99th AGM till the conclusion of the 104th AGM, in terms of the applicable provisions of Section 139(1) of the Act read with the Companies (Audit and Auditors) Rules, 2014. Details of the remuneration paid to S R B C & CO LLP, Chartered Accountants, Statutory Auditors, during the financial year 2023-24 are disclosed in the Financial Statements of Company, which forms part of the Annual Report.

The Auditors' Report on the Financial Statements (Standalone and Consolidated) of the Company for the year under review, is clean and there are no qualifications in the said Report. Also, no frauds in terms of the provisions of Section 143(12) of the Act have been reported by the Auditors in their Report for the year under review.

The Notes to the Financial Statements (Standalone and Consolidated) are self-explanatory and do not call for any further comments.

As per the recommendation of the Audit Committee, the Board has re-appointed S R B C & CO LLP, Chartered Accountants, as the Statutory Auditors of the Company, to hold office for a second term of 5 (five) consecutive years from the conclusion of the 104th AGM until the conclusion of the 109th AGM of the Company, subject to the approval of the Shareholders at the ensuing 104th AGM. The Ordinary Resolution is set out in the Notice seeking approval of the Shareholders for the re-appointment of S R B C & CO LLP, Chartered Accountants, as Statutory Auditors of the Company.

S R B C & CO LLP, Chartered Accountants, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India ("ICAI"). It is a Limited Liability Partnership firm incorporated in India. The firm is a part of M/s. S. R. Batliboi & Affiliates network of audit firms registered with ICAI. The registered office of the firm is at 22, Camac Street, 3rd Floor, Block 'B', Kolkata. It has various offices at Mumbai, Delhi, Gurugram, Bengaluru, Kolkata, Pune, Chennai, Ahmedabad etc. It audits various companies listed on stock exchanges in India.

In terms of provisions of Sections 139 and 141 of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014, the Company has obtained a written consent for such re-appointment along with a certificate from S R B C & CO LLP, Chartered Accountants, confirming that they are not disqualified from being appointed as Statutory Auditors of the Company.

29. Secretarial Audit

Pursuant to the provisions of Section 204 of the Act, the Company had appointed JHR & Associates, Company Secretaries, as the Secretarial Auditor for the year under review, to conduct the Secretarial Audit of the Company.

The Secretarial Audit Report for the year under review issued by the Secretarial Auditor is annexed to this Report as Annexure 5. There is no qualification or adverse remark in their Report.

Further, in terms of the provisions of Regulation 24A of the SEBI Listing Regulations, the Company has obtained the Secretarial Compliance Report for the year ended 31st March, 2024, confirming compliance of the applicable SEBI Regulations and circulars/guidelines issued thereunder.

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

30. Cost Audit

The Company has maintained cost records as specified by the Central Government under Section 148(1) of the Act. Further, the Company had appointed D. C. Dave & Co., Cost Accountants (Registration No. 000611), as the Cost Auditor to conduct an audit of its cost accounting records for the financial year 2022-23, pertaining to products of the Company as required by the law. The Cost Audit Report submitted by the Cost Auditor for the financial year 2022-23 was clean and there was no qualification in their Report. The same was duly filed with Ministry of Corporate Affairs.

The Company had re-appointed D.C. Dave & Co., Cost Accountants, as the Cost Auditor for the financial year ended 31st March, 2024 and the Cost Audit Report when submitted by them, will be duly filed with the Ministry of Corporate Affairs.

Further, the Company has re-appointed D.C. Dave & Co., Cost Accountants, as the Cost Auditor for the financial year 2024-25, to conduct an audit of its cost accounting records pertaining to the products of the Company as required by the law, at a remuneration of ₹ 3,00,000 plus GST and reimbursement of out-of-pocket expenses. The Company is seeking the approval of the Shareholders by means of ratification, for the remuneration to be paid to D. C. Dave & Co., Cost Accountants, vide Item no. 5 of the Notice of the 104th AGM.

The eligibility and consent letter from D. C. Dave & Co., Cost Accountants, has been received to the effect that their appointment as Cost Auditor, if made, would be in accordance with the provisions of the Act and Rules framed thereunder.

31. General Disclosure

1. During the year under review, there was no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016.
2. During the year under review, there were no instances of onetime settlement with any Banks or Financial Institutions.

32. General Shareholder Information

General Shareholder Information is given as Item no. 12 of the Report on Corporate Governance forming part of the Annual Report.

33. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2024 is available on the website of the Company at https://www.nerolac.com/our-financial-results.html.

34. Acknowledgements

Your Directors wish to express their grateful appreciation for the co-operation and continued support received from customers, promoter company, collaborators, vendors, investors, shareholders, financial institutions, banks, regulatory authorities and the society at large during the year.

We also place on record our appreciation for the contribution made by our employees at all levels and for their commitment, hard work and support.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 4th May, 2024

Annexure 1 to the Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2023-24

1. **A brief outline of the Company's CSR Policy:** Given separately as part of this Annexure.

2. **Composition of CSR Committee as on 31st March, 2024:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Sonia Singh	Chairperson of the CSR Committee, Independent Director	2	2
2.	Mr. Anuj Jain	Managing Director	2	2
3.	Mr. Bhaskar Bhat	Independent Director	2	2

3. **Provide the web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:**

   Composition of the CSR Committee - https://www.nerolac.com/our-people.html

   CSR Policy - https://www.nerolac.com/financial/policies.html

   CSR Projects - https://www.nerolac.com/financial/csr-projects-approved.html

4. **Provide the executive summary along with web-link(s) of impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:**

   During the financial year 2023-24, the Company has carried out impact assessment in terms of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, through an independent agency for a project having outlay of ₹ 1 Crore or more and that has completed not less than one year before undertaking the impact study. The Impact Assessment Study Report is available on the Company's website at https://www.nerolac.com/investors/financial-results.html and its executive summary forms part of this Annexure.

5. (a) **Average net profit of the Company as per sub-section (5) Section 135:** ₹ 621.26 Crores

   (b) **Two percent of average net profit of the Company as per sub-section (5) Section 135:** ₹ 12.43 Crores

   (c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

   (d) **Amount required to be set off for the financial year, if any:** Nil

   (e) **Total CSR obligation for the financial year (5b+5c-5d):** ₹ 12.43 Crores

6. (a) **Amount spent on CSR projects (both ongoing project and other than ongoing project):** ₹ 12.35 Crores **(Separately attached to this Annexure)**

   (b) **Amount spent in administrative overheads:** ₹ 0.08 Crores

   (c) **Amount spent on impact assessment, if applicable:** ₹ 0.05 Crores

   (d) **Total amount spent for the financial year (6a+6b+6c):** ₹ 12.48 Crores

   (e) **CSR amount spent or unspent for the financial year:**

Total amount spent for the financial year	Amount Unspent				
	Total amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
Amount (in ₹)	Amount (in ₹)	Date of transfer	Name of the Fund	Amount (in ₹)	Date of transfer
12.48 Crores	NIL	–	–	NA	–

(f) **Excess amount for set off, if any:**

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) Section 135	12.43 Crores
(ii)	Total amount spent for the financial year	12.48 Crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.05 Crores
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	–
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.05 Crores

7. **Details of unspent Corporate Social Responsibility amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per sub-section (6) of Section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
				Amount (in ₹)	Date of transfer		
1.	2020-21	NIL	–	–	–	–	–
2.	2021-22	NIL	–	–	–	–	–
3.	2022-23	NIL	–	–	–	–	–

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:** No

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section 5 of Section 135:** Not Applicable

Anuj Jain
Managing Director

Sonia Singh
Chairperson of the CSR Committee

Mumbai, 4th May, 2024

BRIEF OUTLINE OF CSR POLICY

The Mission and philosophy of CSR function of the Company is "To contribute positively to the development of the society, by acting as a good neighbour, considerate of others, playing the role of a good corporate citizen with passion and compassion." Hence the CSR activities undertaken by the organisation essentially focus on four core areas of Environment, Health, Education and Community Development. The focus of the Company is to contribute to various institutions and initiatives around the manufacturing locations to provide social services to the needy.

The CSR vision of the Company is to strive to be a responsible corporate by proactively partnering in the Environmental, Social and Economic development of the communities through the use of innovative technologies, products as well as through activities beyond normal business.

The Company endeavours to make a positive and significant contribution to the society by targeting social and cultural issues, maintaining a humanitarian approach and focusing on areas in and around its plants and where its establishments are located.

The Company would continue to carry out CSR activities as it has been carrying out over the years in the areas of Environment, Health, Education and Community Development. In particular, the Company will undertake CSR activities as specified in Schedule VII to the Companies Act, 2013 (including any amendments to Schedule VII and any other activities specified by the Government through its notifications and circulars) as follows:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
9. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

   (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
10. Rural development projects;
11. Slum area development; Explanation - For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force;
12. Disaster management, including relief, rehabilitation and reconstruction activities.

CSR activities will be undertaken either by the Company itself or through a Trust/Section 8 Company to be established by the Company or through any other Trust engaged in similar projects and activities. The Company may also collaborate with other companies to carry out its CSR activities.

PROGRAM WISE CSR DETAILS 2023-24

Sr. No.		Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implementation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.	
					State	District			Name	CSR Registration Number
A.		Advanced Open Training in Painting	**Livelihood & Skill Enhancement Program**	YES	Punjab, M.P., Kerala, Karnataka, Gujarat, Rajasthan, Andhra Pradesh, Delhi, Goa, Puducherry, Tamilnadu, Maharashtra, Telangana, U.P., Bihar, Odisha, Uttarakhand, Haryana, Assam, Himanchal Pradesh, Chhatisgarh, J&K, Jharkhand, M.P., West Bengal	ALL	744.18	NO	Kasturi Mrig Vidhya Vihar Samiti, Indore	CSR00011046
									Karmdeep Foundation, Ahmedabad	CSR00018568
						Sub Total	**744.18**			
B.	1	Impact Assessment of CSR activity - Advanced Open Trg - 22-23	**Impact Assessment**	YES	Maharashtra	Mumbai	5.00	YES		
	2	Implementation of Online CSR Platform for CSR Activities	**Administrative Overheads**	YES	Maharashtra	Mumbai	8.48	YES		
						Sub Total	**13.48**			
C.	1	Health Camp for villagers near Bawal Plant	**Preventive Health Care & Sanitation**	YES	Haryana	Rewari	1.20	YES		
	2	Awareness sessions for Girl Students from various Govt. schools at Bawal and Rewari	**Preventive Health Care & Sanitation**	YES	Haryana	Rewari	0.20	YES		
	3	Providing Dental Medical equipment to Civil Hospital, Bawal	**Preventive Health Care & Sanitation**	YES	Haryana	Rewari	4.99	YES		
	4	Eye Check up camps and distribution of spectacles for villagers near Hosur Plant	**Preventive Health Care & Sanitation**	YES	Tamil Nadu	Krishnagiri	4.03	YES		
	5	Toilets renovation at Dayadara Higher Secondary School, Bharuch	**Preventive Health Care & Sanitation**	YES	Gujarat	Bharuch	3.86	YES		
	6	Awareness Campaign for "TB Mukt Bharat Abhiyan" in Vagara.	**Preventive Health Care & Sanitation**	YES	Gujarat	Bharuch	1.44	NO	Vishakha Baa Foundation Trust	CSR00010788
	7	Providing Nutrition Kits to TB patients from Vagra & Amod PHC	**Preventive Health Care & Sanitation**	YES	Gujarat	Bharuch	8.55	NO	Vishakha Baa Foundation Trust	CSR00010788
	8	Toilet Construction in Seedhamau school near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	11.25	YES		
	9	Health camps for villagers in Seedhamau near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	5.04	YES		
	10	Health camps for villagers in Jainpur village near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	4.92	YES		
	11	Health camps for villagers in Jalalpur near Jainpur Plant	**Preventive Health Care & Sanitation**	YES	Uttar Pradesh	Kanpur Dehat	5.02	YES		
	12	Cataract Surgeries for villagers near Goindwal Sahib Plant	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	15.40	YES		
	13	Medical camp for villagers near Goindwal Sahib Plant	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	2.30	YES		
	14	Providing Water Coolers to various Primary Health centres in villages near Goindwal Sahib Plant	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	6.21	YES		

PROGRAM WISE CSR DETAILS 2023-24 (contd.)

Sr. No.		Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implemen-tation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.	
					State	District			Name	CSR Registration Number
	15	Constructions of Toilets for Public at DSP Office, Goindwal Sahib	**Preventive Health Care & Sanitation**	YES	Punjab	Tarn Taran	1.88	YES		
	16	Medical camp for villagers near Lote Plant	**Preventive Health Care & Sanitation**	YES	Maharashtra	Ratnagiri	3.00	YES		
	17	Support to "Talk To Me" NGO to provide mental health services to underpriviledged society	**Preventive Health Care & Sanitation**	YES	Maharashtra	Mumbai	0.50	YES		
						Sub Total	**79.79**			
D.	1	Community Hall renovation at Chirhada Village near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	3.11	YES		
	2	Providing Drinking water facility with RO at 5 locations in Basai and Panipat near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	3.42	YES		
	3	Providing Bore well in Mohanpur & Rajgarh villages near Bawal Plant.	**Rural / Community Development**	YES	Haryana	Rewari	12.48	YES		
	4	Providing Computer, Printer & Scanner at District Elementary Education Office, Rewari near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	0.88	YES		
	5	Installation of Water Tank in Jawahar Navodya Vidyalaya, Naichana near Bawal Plant	**Rural / Community Development**	YES	Haryana	Rewari	4.25	YES		
	6	Food Distribution in flood affected area in Chennai & Thirunelveli	**Rural / Community Development**	YES	Tamil Nadu	Krishnagiri	0.34	YES		
	7	Installation of RO Plant with Water Tank in Civil Court, Vagra	**Rural / Community Development**	YES	Gujarat	Bharuch	2.00	YES		
	8	Installation of Pavor Block at Vorasamni village	**Rural / Community Development**	YES	Gujarat	Bharuch	4.26	YES		
	9	Installation of high Mast tower lamp at Bhersam Village, Vagra	**Rural / Community Development**	YES	Gujarat	Bharuch	2.02	YES		
	10	Providing Almirah & Storage Container to Jalaram Seva Mandal Trust, Bharuch	**Rural / Community Development**	YES	Gujarat	Bharuch	3.74	YES		
	11	Construction of Mahila Help Desk Room at Jainpur Police Chauki, Kanpur Dehat	**Rural / Community Development**	YES	Uttar Pradesh	Kanpur Dehat	6.99	YES		
	12	Installation of Water Coolers with RO facility in various villages near Jainpur Plant	**Rural / Community Development**	YES	Uttar Pradesh	Kanpur Dehat	2.45	YES		
	13	Women Empowerment project with NGO Dishantar at Juvaad, Mirjoli, Chiplun	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	8.00	NO	Dishantar Sanstha, Chiplun	CSR00003091
	14	Providing Drinking water facility to Khed Police Station, Khed	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	0.36	YES		

PROGRAM WISE CSR DETAILS 2023-24 (contd.)

Sr. No.		Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implementation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.	
					State	District			Name	CSR Registration Number
	15	Providing Sabji Cooler at Mandavkhari with NGO Dishantar	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	0.70	NO	Dishantar Sanstha, Chiplun	CSR00003091
	16	Provided Water Tank at Pedhe village, Chiplun	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	0.80	YES		
	17	Providing Bus Pickup shed at Gunde, Vavaliwadi.	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	1.89	YES		
	18	Providing Bore well at Navshakti Foundation, Khed	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	1.67	YES		
	19	Providing Bore well at Kapsal Village	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	0.91	YES		
	20	Providing Water Cooler at Z P School, Udhale	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	0.36	YES		
	21	Providing Almirahs to Lokmanya Tilak Smarak Library, Chiplun	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	1.30	YES		
	22	Providing Bus Pickup shed at Shivtar, Kondwadi	**Rural / Community Development**	YES	Maharashtra	Ratnagiri	1.89	YES		
	23	"Stitching Training Course" for underpriviledged women from surrounding villages near Goindwal Sahib Plant	**Rural / Community Development**	YES	Punjab	Tarn Taran	8.07	YES		
	24	Providing Reflecting jackets, signal lights, torch etc to Traffic control cell, Tarn Taran	**Rural / Community Development**	YES	Punjab	Tarn Taran	1.39	YES		
	25	Providing Desktop & Printer to Rambilli Police Station near Vizag Plant	**Rural / Community Development**	YES	Maharashtra	Mumbai	0.65	YES		
	26	Distribution of Stationery Kits to Shraddhananad Mahila Sanstha, Mumbai	**Rural / Community Development**	YES	Maharashtra	Mumbai	0.16	YES		
						Sub Total	**74.09**			
E.	1	Installation of Solar Panel in Govt. High School, Darbarpur village near Bawal Plant	**Promoting Education**	YES	Haryana	Rewari	2.58	YES		
	2	Distribution of School bags & Educational Material for mentally challenged students, Ganeshilal Goyal Dharamshala, Rewari	**Promoting Education**	YES	Haryana	Rewari	2.18	YES		
	3	Construction of E-library Room at Nangal Harnath, Mahendergarh	**Promoting Education**	YES	Haryana	Rewari	4.15	YES		
	4	Construction of Jogging Track at Jawahar Navodya Vidyalaya, Naichana	**Promoting Education**	YES	Haryana	Rewari	1.65	YES		
	5	Providing Digital Board for Digital learning in Govt. School, Palasoli	**Promoting Education**	YES	Haryana	Rewari	1.70	YES		
	6	Providing LCD Projector for Classroom in Hindu School Trust, Rewari	**Promoting Education**	YES	Haryana	Rewari	2.30	YES		

PROGRAM WISE CSR DETAILS 2023-24 (contd.)

Sr. No.	Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implemen-tation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.	
				State	District			Name	CSR Registration Number
7	Renovation of Toilets, Painting & providing Desk & Benches to Disabled Girls' School, Rewari	**Promoting Education**	YES	Haryana	Rewari	1.56	YES		
8	Distribution of Water Bottles to Govt. Girls School near Bawal Plant	**Promoting Education**	YES	Haryana	Rewari	0.32	YES		
9	Distribution of Kits to various Anganwadis in Kanpur Dehat	**Promoting Education**	YES	Uttar Pradesh	Kanpur Dehat	6.91	YES		
10	Providing LCD TV for Digital learning at Z.P. School, Suseri, Khed	**Promoting Education**	YES	Maharashtra	Ratnagiri	0.46	YES		
11	Providing Computer to PES, Chiplun	**Promoting Education**	YES	Maharashtra	Ratnagiri	2.02	YES		
12	Renovation of Class rooms at Z.P. School, Gunde, Khed	**Promoting Education**	YES	Maharashtra	Ratnagiri	1.47	YES		
13	Renovation of Class rooms at Z.P. School, Khandaat Pali, Chiplun	**Promoting Education**	YES	Maharashtra	Ratnagiri	3.07	YES		
14	Renovation of Class rooms at Adarsh Z.P. School, Nirvhal, Chiplun	**Promoting Education**	YES	Maharashtra	Ratnagiri	2.95	YES		
15	Distribution of School bags & educational material for children from villages near Lote Plant	**Promoting Education**	YES	Maharashtra	Ratnagiri	3.46	YES		
16	Providing Computer to Z.P. School, Bamnoli	**Promoting Education**	YES	Maharashtra	Ratnagiri	0.93	YES		
17	Donation to The Navkokan Education Society, Chiplun	**Promoting Education**	YES	Maharashtra	Ratnagiri	15.00	NO	The Navakokan Education Society	CSR00020595
18	Installation of Paver blocks at Shantiniketan Vidhyalay, Bharuch	**Promoting Education**	YES	Gujarat	Bharuch	5.16	YES		
19	Distribution of School bags & Stationary in various Schools near Sayakha Plant	**Promoting Education**	YES	Gujarat	Bharuch	5.20	YES		
20	Construction of Iron Shed at Rahad Primary School, Vagara	**Promoting Education**	YES	Gujarat	Bharuch	2.20	YES		
21	Construction of Iron Shed at Haldar Higher Secondary School, Vagara	**Promoting Education**	YES	Gujarat	Bharuch	4.16	YES		
22	Donation to Shri PJ Chheda Janta Vidhyalaya, Dahej for Construction of Classroom	**Promoting Education**	YES	Gujarat	Bharuch	15.00	NO	Dahej Vibhag Kelavani Mandal	CSR00046050
23	Construction of Iron shed at Sardar Smarak School, Maktampur	**Promoting Education**	YES	Gujarat	Bharuch	2.60	YES		
24	Construction of Iron Shed at Vagra Girls Primary School, Vagara	**Promoting Education**	YES	Gujarat	Bharuch	5.40	YES		
25	Construction of Kitchen & Dinning Area at Vill Khakh Primary School, Goindwal Sahib	**Promoting Education**	YES	Punjab	Tarn Taran	9.82	YES		
26	Providing benches in Govt. Sr. Secondary & Chander Primary School near Goindwal Sahib Plant	**Promoting Education**	YES	Punjab	Tarn Taran	4.94	YES		
					Sub Total	**107.19**			

PROGRAM WISE CSR DETAILS 2023-24 (contd.)

Sr. No.		Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implementation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.	
					State	District			Name	CSR Registration Number
F.	1	Installation of Solar Street lights at Alwalpur near Bawal Plant	**Ensuring Environmental Sustainability**	YES	Haryana	Rewari	3.36	YES		
	2	Painting of Govt. School Building at Jaatka, Kishangarh Bas	**Ensuring Environmental Sustainability**	YES	Haryana	Rewari	1.12	YES		
	3	Maintenance & Cleaning of Green Belt near Hosur Plant	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	1.65	YES		
	4	Renovation & Painting at Govt. Girls Secondary School, Bagalur	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	8.80	YES		
	5	Renovation & Painting at Govt. Higher Secondary School, Berigai	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	10.60	YES		
	6	Providing Paint to Don Bosco School, Yelagiri	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	4.72	YES		
	7	Providing Paint to Ramkrishna Paramahamsa School, Hosur	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	3.83	YES		
	8	Pond Rejuvenation at Alasanatham, Hosur	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	0.89	YES		
	9	Providing Paint to Sri Narasimha Swamy Trust, near Hosur Plant	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	1.85	YES		
	10	Providing Paint for Flyover in Hosur city	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	6.10	YES		
	11	Painting work at Hosur Bypass Flyover, Hosur	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	25.77	YES		
	12	Painting work at Thooya Sagaya Matha aided School, Dasarapalli	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	4.55	YES		
	13	Painting work at Rayakotti Flyover, Hosur	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	3.82	YES		
	14	Painting Work at Pollution Control Board Office, Hosur	**Ensuring Environmental Sustainability**	YES	Tamil Nadu	Krishnagiri	0.86	YES		
	15	Tree Plantation in area near Lote Plant	**Ensuring Environmental Sustainability**	YES	Maharashtra	Ratnagiri	1.46	YES		
	16	Providing Paint to various Schools & Colleges near Lote Plant	**Ensuring Environmental Sustainability**	YES	Maharashtra	Ratnagiri	21.75	YES		
	17	Painting work at Mah. Labour Welfare Office, Chiplun	**Ensuring Environmental Sustainability**	YES	Maharashtra	Ratnagiri	0.86	YES		
	18	Providing Paint to Grampanchayat, Parshuram	**Ensuring Environmental Sustainability**	YES	Maharashtra	Ratnagiri	0.12	YES		
	19	Providing Paint to Sahyadri Shikshan Sanstha Sawarda	**Ensuring Environmental Sustainability**	YES	Maharashtra	Ratnagiri	5.43	YES		
	20	Providing Paint to Community Hall, Gunde, Sawarde	**Ensuring Environmental Sustainability**	YES	Maharashtra	Ratnagiri	0.33	YES		
	21	Tree Plantation by "Miyawaki Technique" near Jainpur Plant	**Ensuring Environmental Sustainability**	YES	Uttar Pradesh	Kanpur Dehat	21.71	YES		
	22	Pond Rejuvenation at Shiv Sagar Talab, Kripalpur, Kanpur Dehat	**Ensuring Environmental Sustainability**	YES	Uttar Pradesh	Kanpur Dehat	16.99	YES		

PROGRAM WISE CSR DETAILS 2023-24 (contd.)

Sr. No.		Name of the Project / Program	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project / Program		Amount spent for the Project/ Programs (₹ in Lakhs).	Mode of implementation - Direct (Yes/No)	Mode of implementation - through Implementing Agency.	
					State	District			Name	CSR Registration Number
	23	Painting work at District Sport Stadium, Kanpur	**Ensuring Environmental Sustainability**	YES	Uttar Pradesh	Kanpur Dehat	0.81	YES		
	24	Development of Park at Police Line, Kanpur Dehat	**Ensuring Environmental Sustainability**	YES	Uttar Pradesh	Kanpur Dehat	7.26	YES		
	25	Painting work at KJ Polytechnic college, Bharuch	**Ensuring Environmental Sustainability**	YES	Gujarat	Bharuch	1.45	YES		
	26	Painting of Community Hall, Vagra village near Sayakha Plant	**Ensuring Environmental Sustainability**	YES	Gujarat	Bharuch	1.46	NO	Rotary Welfare Trust, Bharuch	CSR00004051
	27	Painting of Argama Primary School, Vagra	**Ensuring Environmental Sustainability**	YES	Gujarat	Bharuch	4.96	YES		
	28	Painting of Kalrav School building at Bharuch	**Ensuring Environmental Sustainability**	YES	Gujarat	Bharuch	5.71	YES		
	29	Painting of Junjera Primary School, Vagra	**Ensuring Environmental Sustainability**	YES	Gujarat	Bharuch	3.99	YES		
	30	Garden Development at Kolwana village	**Ensuring Environmental Sustainability**	YES	Gujarat	Bharuch	6.26	YES		
	31	Providing Paint to HRBL Flyover Bridge, Ludhiana	**Ensuring Environmental Sustainability**	YES	Maharashtra	Mumbai	2.07	YES		
	32	Research & Assessment Study of ponds rejuvenated near Plants	**Ensuring Environmental Sustainability**	YES	Tamil Nadu, U.P., Maharashtra, Gujarat, Punjab	Krishnagiri, Kanpur Dehat, Ratnagiri, Bharuch, Tarn Taran	6.77	YES		
	33	Painting of Sharda Sadan Girls School, Girgaun, Mumbai	**Ensuring Environmental Sustainability**	YES	Maharashtra	Mumbai	6.88	YES		
	34	Providing Paint to Nutan Vidhyalay, Kalyan, Mumbai	**Ensuring Environmental Sustainability**	YES	Maharashtra	Mumbai	5.11	YES		
	35	Painting of Social Slogan at Moga bridge, Tarn Taran	**Ensuring Environmental Sustainability**	YES	Punjab	Tarn Taran	12.49	YES		
	36	Maintenance of Parks near Goindwal Sahib Plant	**Ensuring Environmental Sustainability**	YES	Punjab	Tarn Taran	0.99	YES		
	37	Development of Green Belt near Govindwal Sahib Plant	**Ensuring Environmental Sustainability**	YES	Punjab	Tarn Taran	4.32	YES		
	38	Renovation of Visitors' Room in DSP Office, Goindwal Sahib	**Ensuring Environmental Sustainability**	YES	Punjab	Tarn Taran	5.62	YES		
	39	Distribution of Jute Bags near Goindwal Sahib Plant	**Ensuring Environmental Sustainability**	YES	Punjab	Tarn Taran	1.36	YES		
						Sub Total	**224.08**			
G		Donation to A Hundred Hands (NGO) to encourage tribal painters and artists at Art Salute initiative.	**Development of Traditional art and handicrafts**	YES	Karnatak	Bengaluru	5.00	NO	A Hundred Hands	CSR00000091
						Sub Total	**5.00**			
						GRAND TOTAL	**1247.81**			

Implementing Agencies for CSR Activities -

1 Kasturi Mrig Vidhya Vihar Samiti, Indore
2 Karmdeep Foundation, Ahmedabad
3 Rotary Welfare Trust, Bharuch
4 Vishakha Baa Foundation Trust, Bharuch
5 Dishantar Sanstha, Chiplun
6 A Hundred Hands (NGO), Bengaluru
7 The Navakokan Education Society, Chiplun
8 Dahej Vibhag Kelavani Mandal, Dahej
9 SoulAce Consulting Pvt.Ltd., Kolkata

Executive summary of the CSR Impact Assessment Study Report

Project: Livelihood & Skill Enhancement Program (Advanced Open Training in Painting)

Implementing Partner: Kasturi Mrig Vidya Vihar Samiti and Karamdeep Foundation

Research Methodology				
Year of Implementation	**Beneficiaries**	**Sample Size**	**Project Location**	**Stakeholders Covered**
FY 2022-2023	46,787 Painters	500 (Classroom sessions) 100 (Mobile Training Academy)	22 States and 2 Union Territories - Pan India	Project staff and Participants

Project Background

In collaboration with Kasturi Mrig Vidya Vihar Samiti and Karamdeep Foundation, Kansai Nerolac Paints Limited executed a skill enhancement initiative targeting painters. This project was conducted through two channels: mobile van training sessions and advanced open training throughout FY 2022-2023. Its core objective was to elevate the expertise of painters by introducing them to new technologies and techniques. Implemented nationwide, the program reached 22 states and 2 Union Territories, benefiting a total of 46,787 painters who received skill enhancement training.

Findings of the Study

- Most of the respondents, 77.6% (Classroom Training), and 70% (Mobile Training Academy), belong to the age group of 25 to 40 years.
- The education qualification of most respondents is up to 10th or 12th std. is 65.4% (Classroom Training), and 52% (Mobile Training Academy) combined.
- A significant portion of respondents, 49.4% (Classroom Training), and 54% (Mobile Training Academy) was earning between ₹ 15,000 to ₹ 25,000 per month before the training.

Classroom Training

- Respondents have become highly proficient in skills areas and have seen a remarkable shift after the sessions: Designing (82.9%), Product Upgrade (65.3%), Wood Finishing (79.2%), and Construction Chemicals (70.5%).

Mobile Training Academy

- Respondents have become highly proficient in skills areas and have seen a remarkable shift after the sessions: Designing (77.8%), Product Upgrade (78.2%), Wood Finishing (77.2%), and Construction Chemicals (84.5%).

Impact Created

- In Classroom training most of the participants, 69.2% earned more than ₹ 20,000 post-training prior to the training only 12.4% of participants were earning more than ₹ 20,000.
- In the mobile training academy Most of the participants, 50% earned more than ₹ 20,000 post-training prior to the training only 12% of participants earned more than ₹ 20,000.
- 40% of participants indicated that they could extensively apply the knowledge and skills acquired during the training.
- A significant portion of survey respondents demonstrated competence in the skill training domains, with significant improvements observed following the training program. Proficiency in each skill saw a considerable increase, rising from 23% to 77%.

Rating based on OECD Framework					
Relevance	● ● ● ● ○	**Effectiveness**	● ● ● ● ◐	**Impact**	● ● ● ◐ ○
Coherence	● ● ● ● ●	**Efficiency**	● ● ● ● ○	**Sustainability**	● ● ● ● ○

Index: 5 Points - Very High; 4 Points - High; 3 Points - Moderate; 2 Points - Low; 1 Point - Very Low

Annexure 2 to the Board's Report

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(a) The ratio of the remuneration of each Director to the Median Remuneration of the employees of the Company for the financial year 2023-24 and

(b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year.

Sr. No.	Name of Director/ Key Managerial Personnel ('KMP') and Designation@	Remuneration of Director/ KMP for financial year 2023-24 (₹ in Lakhs)	Percentage increase in remuneration for the financial year 2023-24 (₹ in Lakhs)	Ratio of remuneration of each Director/ KMP to the median remuneration of employees
1.	Mr. P. P. Shah Chairman Non-Executive and Independent Director	50.25	11.67	5.71
2.	Mr. Anuj Jain Managing Director	516.79^	58.17	58.67
3.	Mr. H. Nishibayashi* Non-Executive Director	–	–	–
4.	Ms. Sonia Singh Non-Executive and Independent Director	45.75	13.66	5.19
5.	Mr. Takashi Tomioka* Non- Executive Director	–	–	–
6.	Mr. Bhaskar Bhat Non-Executive and Independent Director	31.00	$	3.52
7.	Mr. Pravin Chaudhari* Non-Executive Director	–	–	–
8.	Mr. P. D. Pai Chief Financial Officer	199.46^	25.05	22.65
9.	Mr. G.T. Govindarajan Company Secretary	99.78^	17.84	11.33

@ Information is given for Directors / KMPs as on 31st March, 2024.

^ Remuneration mentioned in the case of the Managing Director and other KMPs is the income earned during the financial year 2023-24 as reflected in the Income-tax Computation Sheet as "Gross Income" (inclusive of perquisites). It excludes the Company's contribution to Provident Fund and Superannuation. As the future liabilities for gratuity, leave encashment along with medical benefits are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to each individual is not ascertainable and therefore not included above. It also excludes the Restricted Stock Units (RSUs) granted during the financial year 2023-24 towards adjustment of bonus issue, in terms of Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022. Details of RSUs granted during financial year 2023-24 is annexed to the Board's Report.

$ Mr. Bhaskar Bhat was appointed with effect from 10th August, 2022. Remuneration received in financial year 2023-24 is not comparable with remuneration for financial year 2022-23 (for part of the year) and hence not stated.

* Mr. H. Nishibayashi, Mr. T. Tomioka and Mr. Pravin Chaudhari did not receive any sitting fees for attending Board/Committee meetings nor were they paid any commission.

(c) The median remuneration of employees of the Company for the year increased by 9% compared to the previous financial year.

(d) The number of permanent employees on the rolls of the Company is 3784 as on 31st March, 2024.

(e) Average percentage increase made in the salaries of employee other than KMP in the financial year 2023-24 was 8.6%. The percentage increase in the remuneration of KMP was 42.9%.

(f) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

(g) The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Companies Act, 2013 ('Act') read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014, is provided in a separate Annexure forming a part of the Report. Further, the Annual Report is being sent to the Members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure will be available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at agm@nerolac.com in that regard.

(h) None of the employees listed in the said Annexure is a relative of any Director in the Company.

(i) There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which, in the aggregate, was in excess of that drawn by the managing director or whole-time director and who held by himself or along with his spouse or dependent children, not less than two percent of the equity shares of the Company.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 4th May, 2024

Annexure 3 to the Board's Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, AS PRESCRIBED UNDER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

A. Conservation of Energy

We continue to accord utmost importance on saving and ensuring efficient usage of various sources of energy. Efficient and judicious use of energy sources has been our prime objective. We aim to gradually adopt new concepts and technologies which further lead to diversification of energy mix in turn reducing our dependency on fossil fuels. We have made considerable investments across organisation to enhance our Renewable Power footprint. For this, we have been exploring various renewable energy options available across states and accordingly plan for Green Energy projects (both solar and wind) in line with our Corporate RE 70 theme.

Our Company measures progress in energy management through various key indices like SPC (specific power consumption), SFC (specific fuel consumption), absolute power consumption, Green power consumption, percentage green power, percentage grid outage, power cost, power losses, power factor etc.

We receive renewable power through self-owned rooftop Solar Power plants as well as through captive Wind Turbines. We also source through open access mechanism where in power is sourced through developers/independent power producers via suitable power purchase agreements as well as shareholding agreements. Renewable power as a percentage of total power is tracked month on month and initiatives are consistently explored for increasing this quantum in line with Corporate RE 70 vision.

We aim to gradually adopt new concepts and technologies which will further lead to energy conservation and increased energy efficiency. We have added Solar Power plant of 1250 KW at our Bawal plant and another 570 KW at our Jainpur plant. We have also commissioned Wind Turbine 2100 KW capacity at our Hosur plant. In totality we have 6100 KW Wind Turbines installed and commissioned. Erection work is in progress for another 2100 KW wind turbine in Gujarat which shall cater to power requirements at our Sayakha plant.

We have also put up 5 Solar Trees at our Bawal plant of total capacity 65 KW. A Solar Tree is a structure incorporating solar energy technology on a single pillar, like a tree trunk. Solar tree has a pole made up of metal and solar panels are placed on different poles having an arrangement like branches of a tree. Solar tree panels generate 20% more energy than simple flat solar panel made up of solar cells.

Various new technologies have been implemented like going ahead, we are exploring technologies like fuel cell, geothermal energy, solar battery storage, etc. which would further enable us optimize our energy cost and efficiency.

The Company measures progress in energy management through various key indicators of specific power consumption, specific fuel consumption, grid power outage, power cost, power losses, green energy percentage footprint etc. These metrics help track and evaluate the advancements made in optimizing energy usage and transitioning to more sustainable energy sources. We plan to have all our plants, Energy Management Systems certified through ISO 50001, an international standard which certifies our commitment towards energy performance and sustainability.

We are strategically moving towards eliminating use of fossil fuels (high speed diesel/furnace oil) in our process equipments through migration to natural gas or bio fuel as applicable. Wherever feasible we are also migrating from diesel based fork lifts to electric fork lifts.

(i) Steps taken or impact on conservation of energy:

At Kansai Nerolac Paints Limited, we continue to adopt measures to overcome the sustainability challenge. Measures are being taken to reduce energy consumption through efficiency improvement projects viz;

- Air Compressor Heat recovery system
- Fibre Re-enforced Plastic Cooling Tower fan blades replacement with Epoxy coated technology.
- Automatic Power Factor Controller controls for ensuring unity power factor
- Intelligent Air flow controllers to ensure Compressors operating at optimal efficiency
- Migration to Piped Natural Gas (PNG) at our plants and usage of Fuel catalyst in PNG
- Replacement of Air Handling Unit (AHU) blower fans with new energy efficient blowers
- Replacement of old motors and chillers with new and energy efficient ones.

— Horizontal deployment of energy management system for real time Energy tracking, better analysis and identify areas of improvement.

— Variable Frequency Drive (VFD) installation on certain Mixers

(ii) Steps taken by the Company for utilizing alternate sources of energy:

The Carbon Neutrality projects executed so far have been closely monitored with respect to generation and efficiency. New technologies like solar trees have been implemented wherever feasible. Same will be horizontally deployed across all plants.

With above projects, our renewable power green footprint for all 8 plants stands at 38%.

(iii) Capital investment on energy conservation equipment: ₹ 13.39 Crores

B. Technology Absorption

(i) Efforts made towards technology absorption

Following activities carried out in Research and Development:

— Development of new products for Automotive, Performance Coating and Decorative segments

— Innovative shade development and color forecasting for OEM industry

— Upgradation of processes for cycle time reduction and energy saving

— Localization of new technology products and intermediates for automotive coating

— Green initiatives - Development of low bake and high solid products for OE Industries to reduce VOC and carbon footprint, sustainable product development

— Formulation optimization by value engineering

— Import substitution of raw materials

— Joint projects with vendors and customers for mutual benefit and quality enhancement

— Technical support to overseas subsidiaries for new product development, value engineering, alternate/new raw material development etc

— Competitor sample evaluation and benchmarking

— Support to customers for smooth introduction of new shades and products on running production line

— Training to customers on paint Technology and Application to upgrade knowledge and skill

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution

Below range of products has helped us to generate additional business by way of new product and product upgradation, also it covers the list of products where we have done cost reduction and import substitution which has helped to improve our margins.

— Nerolac Impressions Kashmir Hi-Sheen

— Nerolac Impressions Kashmir Matt

— Beauty Little Master Sheen

— Nerolac Excel Wow White

— Nerolac Excel No Dust

— Excel Total PU Floor coat

— Nerolac Perma Crystal Seal

— Crystalline products range

— Candis: Italian Textures

— Kansai Select Shikisai (water based multi colour designer finish)

— Nerolac Perma Neroshield HDPE 1200/1500/1800

— APP /Bitumen Membranes

— 2K Common Primer for different Plastics

— High Bonding base coat Black Suitable for Powder Primer

— 3C1B Platinum White
— TP65 Grey and White Primer
— Compact 3C 1B Roof System
— Painting System for Diamond cut alloy wheels
— 2C 1B Solitaire Artic White
— High durable Base coat Pristine White
— DTM Monocoat HP Black
— Common Low bake Monocoat Metallics Suitable for Metal and Plastics
— Tin free and nano PT Suitable CED
— Neropoxy Phenolic Coating
— Neropoxy Solvent Free Glass Flake Coating
— Flouro Polymer base Celatect Systems for Railway
— PP Bright Yellow Powder coating meeting class 3 Requirement
— Texture Heat Resistant Coating
— Nerothane Anti-graffiti Clear Rail
— NeroCoil ROHS HS Clear Coat

(iii) Details of imported technology (imported during last three years reckoned from the beginning of the financial year):

a. Details of technology imported:

Particulars	Year of Import
Localization for PU metallic Monocoat	2021-22
High Solids Bumper Clear Coat	2021-22
Cardea Crystal clear for Refinish	2021-22
Low Bake ACED LB66	2021-22
Eco Black CED High Gloss / Circulation free Holiday	2021-22
EU 577 Paint	2021-22
AER 2C Kai Natural Yellow	2022-23
Celatect F (IND) Undercoat	2022-23
Tin free CED (LB-250T)	2022-23
Low bake ACED coating for 2W customers. (From 170 ˚C to 150 ˚C)	2022-23
T5-H Anti Chip Primer	2022-23
YKK PFAS Free products (White and Black)	2023-24
EBEPHEN AC HS DECK NOVA for Engines	2023-24
EBEPHEN PU HS GRUND NOVA WHITE Surfacer for Engines	2023-24
EP PRIMER FILLER RED BROWN	2023-24
Tin free CED (LB-1033)	2023-24
ALC 2 SKE Clear for Alloy Wheel	2023-24
Magicron EN2 Kai Clear	2023-24
Magicron AL 2500 Base Coat	2023-24
TP 65 Primer and Colour Base for 4-Wheeler	2023-24

b. Whether the technology has been fully absorbed: Yes

c. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: The Technology has been fully absorbed.

(iv) Expenditure incurred on Research and Development

(₹ in Crores)

Particulars		FY 2023-2024	FY 2022-2023
a.	Capital	**1.01**	0.87
b.	Recurring	**41.52**	39.52
Total		**42.53**	40.39

Foreign Exchange earnings and outgo

1. Foreign Exchange earnings during the year: ₹ **8.60 Crores** (2022-2023: ₹ 10.62 Crores)
2. Foreign Exchange outgo during the year: ₹ **1189.89 Crores** (2022-2023: ₹ 1315.08 Crores)

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 4th May, 2024

Annexure 4 to the Board's Report

DISCLOSURE IN RELATION TO KANSAI NEROLAC PAINTS LIMITED - RESTRICTED STOCK UNIT PLAN 2022 ("RSU PLAN 2022 / PLAN")

[Pursuant to Regulation 14 read with Part F of Schedule I of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") and Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014]

1. **Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.**

   The disclosures are provided in Note no. 46 – Share based payments to the Standalone Financial Statements and Note no. 44 – Share based payments to the Consolidated Financial Statements.

2. **Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Indian Accounting Standard (Ind AS) 33 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.**

   The disclosures are provided in Note no. 37 – Earnings Per Equity Share to the Standalone Financial Statements and Note no. 36 – Earnings Per Equity Share to the Consolidated Financial Statements.

3. **Description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS.**

a)	Date of Shareholders' approval	The RSU Plan 2022 was initially approved by the Shareholders on 25th October, 2022. The total number of RSUs granted were adjusted vide resolution for bonus issue on 15th June, 2023.
b)	Total number of options approved under ESOS	The total number of Restricted Stock Units ("RSUs") to be granted under the RSU Plan 2022 shall not exceed 80,83,795 (Eighty lakhs eighty three thousand seven hundred ninety five) RSUs which upon exercise shall be convertible into not more than 80,83,795 (Eighty lakhs eighty three thousand seven hundred ninety five) Equity Shares of face value of ₹ 1 each fully paid-up. Each RSU when exercised would be converted into one Equity Share of ₹ 1 each. During the financial year 2023-24, the Company approved bonus issue in the ratio 1:2. In terms of the RSU Plan 2022, necessary adjustments had been made by increasing the total number of RSUs to be granted under the RSU Plan 2022 from 53,89,197 (Fifty three lakhs eighty nine thousand one hundred ninety seven) RSUs to 80,83,795 (Eighty lakhs eighty three thousand seven hundred ninety five) RSUs.
c)	Vesting requirements	RSUs shall vest essentially based on continuation of employment/service as per requirement of SEBI SBEB & SE Regulations. In addition to this, the Nomination and Remuneration Committee ("NRC") may also determine, at its sole discretion, certain criteria like designation, period of service, performance linked parameters viz., revenue targets, PBT targets etc., subject to satisfaction of which the RSUs would vest. Further, NRC shall have the power to modify the allocation percentage of performance and tenure based RSUs, at the time of grant, based on business requirements.
d)	Exercise price or pricing formula	The exercise price per RSU shall be the face value of the Equity Share of the Company as on Grant Date.
e)	Maximum term of options granted	RSUs granted on any date shall vest not later than a maximum of 4 (four) years from the date of grant of RSUs as stated above.
f)	Source of shares	Primary
g)	Variation in terms of options	Not applicable

4. **Method used to account for ESOS – Intrinsic or fair value.**

   The Company has estimated fair value of RSUs.

5. **Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.**

   Not Applicable

6. **Option movement during the year:**

Number of options outstanding at the beginning of the period	11,80,615
Number of options granted during the year	7,23,602*
Number of options forfeited / lapsed during the year	81,480
Number of options vested during the year	61,071
Number of options exercised during the year	–
Number of shares arising as a result of exercise of options	–
Money realized by exercise of options (₹), if scheme is implemented directly by the Company	–
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	18,22,737
Number of options exercisable at the end of the year	60,784

* Includes 5,87,590 RSUs granted towards adjustment of bonus issue during financial year 2023-24, in terms of RSU Plan 2022.

7. **Weighted-average exercise price and weighted-average fair value of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.**

	Year ended 31st March, 2024
Weighted-average exercise price per RSU	₹ 1
Weighted-average fair value per RSU	₹ 229.68

8. **Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -**

- **senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including Key Managerial Personnel ("KMP"):**

Name of employee	Designation	No. of options granted during the year towards adjustment of bonus issue, in terms of RSU Plan 2022 (time based and performance based)	Exercise Price (₹)
Mr. Anuj Jain	Managing Director (KMP)	56,818	1
Mr. P. D. Pai	Director – Finance and Chief Financial Officer (KMP)	19,752	1
Mr. G. T. Govindarajan	Company Secretary (KMP)	5,396	1
Mr. Jason Gonsalves	Director – Corporate Planning, IT & Materials	21,633	1
Mr. Sudhir Rane	Sr. Vice President – HR & International Operations	16,147	1
Mr. Abhijit Natoo	Sr. Vice President – Manufacturing	19,670	1
Mr. Rohit Malkani	Sr. Vice President – Decorative Sales & Marketing	22,976	1
Mr. Amrit Rekhi	Vice President – Industrial Sales	13,551	1
Mr. Laxman Nikam	Vice President – Technical	12,155	1

- **any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year:**

  Not Applicable

- **identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant:**

  Not Applicable

9. **A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:**

Method & Model	**The fair value of the RSUs are determined using the Black-Scholes Model for RSUs with time based vesting conditions and Monte Carlo Simulation Model is used for RSUs with performance based vesting conditions.**
Significant assumptions	
The Weighted average value of share price	₹ 165.88 - ₹ 431.74
Exercise price	₹ 1
Expected volatility	28.07% - 37.80%
Expected option life	2 - 5 years
Expected dividend yield	0.6%
Risk free interest rate	6.76% - 7.23%
The method used and the assumptions made to incorporate the effects of expected early exercise	Not applicable
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	The expected volatility of the Company's Equity Shares is computed on the basis of the annual volatility of the Company's Equity Shares traded on the Stock Exchanges, by considering the deviations in daily returns of the Equity Shares traded, which is averaged out and then annualized to arrive at the annual volatility of the Company's Equity Shares.
Whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition	For deriving fair value of the RSUs by the Monte Carlo Simulation methodology, multiple simulations related to the Company's financial projections were also considered.

Annexure 5 to the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024 [PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO. 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION PERSONNEL) RULES, 2014]

The Members,
Kansai Nerolac Paints Limited
28th Floor, A-wing, Marathon Futurex, N. M. Joshi Marg,
Lower Parel, Mumbai 400 013, Maharashtra.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kansai Nerolac Paints Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information / representations provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company, for the financial year ended on 31st March, 2024 according to the provisions of: -

i. The Companies Act, 2013 ('the Act') and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, and Overseas Direct Investment.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended up to date: -

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   e. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 **(Not applicable to the Company during audit period)**;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the audit period)**;

   g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during audit period)**;

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during audit period)**;

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There are no laws which specifically apply to the type of activities undertaken by the Company.

We have also examined compliance with the applicable clauses of the following: -

i. Secretarial Standards issued by The Institute of Company Secretaries of India as in force from time to time.

ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited (NSE) and BSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, etc. mentioned above.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice of atleast seven days was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous with views of the Board members recorded in the same.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the members have approved the following matters on 15th June, 2023 through Postal Ballot:-

1. Increase in the Authorised Share Capital of the Company from ₹ 66,50,00,000 divided into 66,50,00,000 Equity Shares of ₹ 1 each to ₹ 85,00,00,000 divided into 85,00,00,000 Equity Shares of ₹ 1 each.
2. Alteration of the Memorandum of Association (MOA) of the Company to amend the existing Share Capital Clause in the MOA, consequent to increase in Authorised Share Capital from ₹ 66,50,00,000 divided into 66,50,00,000 Equity Shares of ₹ 1 each to ₹ 85,00,00,000 divided into 85,00,00,000 Equity Shares of ₹ 1 each.
3. Alteration of the Articles of Association (AOA) of the Company to amend the existing Capital Clause in the AOA, consequent to increase in Authorised Share Capital from ₹ 66,50,00,000 divided into 66,50,00,000 Equity Shares of ₹ 1 each to ₹ 85,00,00,000 divided into 85,00,00,000 Equity Shares of ₹ 1 each.
4. Issue of Bonus Shares in the proportion of 1 (One) New Equity Share of ₹ 1 each for every 2 (Two) existing Equity Shares held by the Members of the Company.

For JHR & Associates
Company Secretaries

J. H. Ranade
(Partner)
FCS: 4317, CP: 2520
UDIN: F004317F000274983

Place: Thane
Date: 3rd May, 2024

The Members,
Kansai Nerolac Paints Limited
28th Floor, A-wing, Marathon Futurex, N. M. Joshi Marg,
Lower Parel, Mumbai 400 013, Maharashtra.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For JHR & Associates
Company Secretaries

J. H. Ranade
(Partner)
FCS: 4317, CP: 2520

Place: Thane
Date: 3rd May, 2024

Report on Corporate Governance

Pursuant to Schedule V(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), a Report on Corporate Governance for the year ended 31st March, 2024 is given below:

1. Company's philosophy on Code of Governance

The Company believes in abiding by the Code of Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders viz., the employees, shareholders, customers, vendors and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

2. Board of Directors ("Board")

(a) As on 31st March, 2024, the strength of Board was 7 (seven) Directors. The Board of Kansai Nerolac Paints Limited comprises of Executive and Non-Executive Directors. The Managing Director is an executive director and there are 6 (six) non-executive directors, of which 3 (three) directors including the Chairman are Independent Directors. The Board also consists of 1 (one) woman Independent Director. The composition of the Board is in conformity with the requirement of Regulation 17(1) of the SEBI Listing Regulations and the Companies Act, 2013 ("Act"). The 3 (three) Non-Executive Non-Independent Directors on the Board as on 31st March, 2024, namely, Mr. Hitoshi Nishibayashi, Mr. Takashi Tomioka and Mr. Pravin Chaudhari are nominees of Kansai Paint Co., Ltd., Japan, the Promoter Company.

Mr. Shigeki Takahara, Non-Executive Director, a representative of Kansai Paint Co., Ltd., Japan, the Promoter Company, has resigned from the Board of the Company with effect from 26th June, 2023 on the directions of the Promoter Company.

Mr. Pravin Chaudhari has been appointed as a Non-Executive Director of the Company with effect from 26th June, 2023, liable to retire by rotation, in the casual vacancy caused by the resignation of Mr. Shigeki Takahara.

(b) During the year ended 31st March, 2024, 8 (eight) Board Meetings were held i.e. on 3rd April, 2023, 8th May, 2023, 3rd August, 2023, 1st November, 2023, 15th December, 2023, 22nd January, 2024, 5th February, 2024 and 12th March, 2024. After 31st March, 2024, one Board Meeting was held on 4th May, 2024.

The last year's Annual General Meeting of the Company was held on 26th June, 2023 by Video Conferencing/ Other Audio Visual Means.

Details of the Directors of the Company and their attendance at the Board Meetings held during the financial year 2023-24 and at the last year's Annual General Meeting of the Company, are as follows:

Name of the Director	Director Identification Number	Category of Directorship	No. of Board Meetings attended	Attendance at the last year's Annual General Meeting
Mr. P. P. Shah	00066242	Chairman, Non-Executive and Independent Director	8	Yes
Mr. Anuj Jain	08091524	Managing Director	8	Yes
Mr. H. Nishibayashi	03169150	Non-Executive Director	6	Yes
Ms. Sonia Singh	07108778	Non-Executive and Independent Director	8	Yes
Mr. S. Takahara#	08736626	Non-Executive Director	1	Yes
Mr. T. Tomioka	08736654	Non-Executive Director	6	Yes
Mr. Bhaskar Bhat	00148778	Non-Executive and Independent Director	8	Yes
Mr. Pravin Chaudhari*	02171823	Non-Executive Director	6	Yes

Resigned as a Non-Executive Director of the Company with effect from 26th June, 2023.

* Appointed as a Non-Executive Director of the Company with effect from 26th June, 2023.

All Independent Directors of the Company have certified and confirmed their independence in accordance with Section 149 of the Act read with Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations.

(c) Number of Directorships (other than the Company) and Committees in which the Director is a Chairperson/ Member as on 31st March, 2024, is as follows:

Name of the Director	No. of Directorships in other public limited companies	No. of Committees in which Chairperson/Member (including the Company)*	
		Chairperson	Member
Mr. P. P. Shah	8	4	9
Mr. Anuj Jain	Nil	Nil	1
Mr. H. Nishibayashi	Nil	Nil	Nil
Ms. Sonia Singh	2	1	2
Mr. T. Tomioka	Nil	Nil	Nil
Mr. Bhaskar Bhat	4	Nil	3
Mr. Pravin Chaudhari	Nil	Nil	Nil

* In terms of the provisions of Regulation 26(1) of the SEBI Listing Regulations,

- Membership / chairpersonship in Committees of the Board(s) of all public companies, whether listed or not, have been taken into consideration excluding private limited companies, foreign companies, high value debt listed entities and companies registered under Section 8 of the Act.
- Chairpersonship and membership of Audit and Stakeholders' Relationship Committees have been considered. Also, the number of membership of Committees includes chairpersonship.

Details of their Directorships in listed entities other than the Company and their category of Directorship as on 31st March, 2024, are as follows:

Name of the Director	Names of Listed Entities	Category of Directorship
Mr. P. P. Shah	BASF India Ltd.	Non-Executive - Independent Director, Chairperson
	KSB Ltd.	Non-Executive - Independent Director
	Pfizer Ltd.	Non-Executive - Independent Director, Chairperson
	Sonata Software Ltd.	Non-Executive - Independent Director, Chairperson
	Bajaj Auto Ltd.	Non-Executive - Independent Director
	Bajaj Holdings & Investment Ltd.	Non-Executive - Independent Director
Ms. Sonia Singh	Bharat Forge Ltd.	Non-Executive - Independent Director
Mr. Bhaskar Bhat	Trent Ltd.	Non-Executive - Non-Independent Director
	Rallis India Ltd.	Non-Executive - Non-Independent Director, Chairperson
	Titan Company Ltd.	Non-Executive - Nominee Director

As on 31st March, 2024, Mr. Anuj Jain, Mr. H. Nishibayashi, Mr. T. Tomioka and Mr. Pravin Chaudhari are not directors in any listed entity other than the Company.

The number of directorships and the positions held by Directors on board committees as on 31st March, 2024, are in conformity with the limits laid down in the Act and SEBI Listing Regulations.

(d) Number of meetings of the Board held and dates on which held during the year are given in Clause 2(b) above.

(e) In terms of Regulation 36(3)(c) and Schedule V(C)(2)(e) of the SEBI Listing Regulations, none of the Directors are related to each other. However, Mr. H. Nishibayashi, Mr. T. Tomioka and Mr. Pravin Chaudhari are the nominees of Kansai Paint Co., Ltd., Japan, the Promoter Company.

(f) Number of Equity Shares held by Non-Executive Directors as on 31st March, 2024:

Name of the Director	Number of Equity Shares (Own or held by / for other persons on a beneficial basis)
Mr. P. P. Shah	Nil
Mr. H. Nishibayashi	Nil*
Ms. Sonia Singh	Nil
Mr. T. Tomioka	Nil*
Mr. Bhaskar Bhat	Nil
Mr. Pravin Chaudhari	Nil*

* Mr. H. Nishibayashi, Mr. T. Tomioka and Mr. Pravin Chaudhari are the nominees of Kansai Paint Co., Ltd., Japan, the Promoter Company and they did not hold any Equity Share of the Company in their personal capacity.

(g) Orientation of newly elected directors and updation strategy:

Newly elected directors are given a presentation on the functioning of the Company. Every quarter, reports of various departments of the Company are circulated among all the Directors. These reports give specific particulars of the respective departments. Apart from this, the Directors are intimated of the changes as and when they happen. All the functional heads are present at the Audit Committee meeting of the Company held every quarter. Presentations are made to the Board of Directors by the functional heads. This ensures that the functional heads can apprise all the Directors about the developments in their specific areas.

Access to information

Directors, including Independent Directors, can visit the various manufacturing locations of the Company. They need not necessarily be accompanied by the Managing Director. The purpose is to ensure that the Independent Directors have free and independent access to the Company's officials and records, so that they can form an independent opinion about the situation of the Company.

Apart from this, reports of the audit carried out by the Internal Auditors and the Statutory Auditors are circulated to all the Directors.

Monthly Performance Report is also forwarded to the Chairman and other Independent Directors updating them with the performance on various parameters.

It is ensured that the Board receives qualitative and quantitative information in line with the best management practices adopted.

The details of familiarization programme for the Independent Directors of the Company is available on the website of the Company at https://www.nerolac.com/financial/policies.html.

Code of Conduct for Board of Directors and Senior Management

The Company has adopted a Code of Conduct for Board and Senior Management (“Code”). The Code has been communicated to the Directors and members of the Senior Management. The Code is available on the Company’s website at https://www.nerolac.com/financial/policies.html. All the Directors and members of Senior Management have confirmed compliance with the Code for the year ended 31st March, 2024. A declaration to this effect signed by the Managing Director who is the Chief Executive Officer, is separately provided at the end of this Report.

(h) A Chart / Matrix setting out the skills / expertise / competence of the Board of Directors:

Competency is defined as the experience, knowledge, skills, attitudes, values and beliefs of the person (member). A list of core skills / expertise / competencies identified by the Board, as required in the context of its business(es) and sector(s) for it to function effectively and available with the Board, is as follows:

Competencies:

Competency	Definition
Strategic expertise	Ability to understand, review and guide strategy by analyzing the Company’s competitive position and benchmarking taking into account market and industry trends
Business and financial acumen	Demonstrate techno-commercial and business perspective, ability to comprehend, interpret and guide on financial statements, Audit Committee presentations and matters of business
Risk management	Experience in providing guidance on major risks, compliances and various legislations
Building high performance teams	Build and nurture talent to create strong and competent future business leaders
Industry knowledge	Experience in similar industries
IT – digital acumen	Ability to understand, support and guide the digital strategy in the organization with respect to AI, IOT, MI, Robotics, Big Data Analytics
Innovation	Nurture an innovation culture, encourage and embrace diverse perspectives. Ability to understand market changes for future readiness

Personal Qualities:

Personal quality	Definition
Integrity	Fulfilling a director's duties and responsibilities, putting the organization's interests above personal interests, acting ethically
Curiosity and courage	Must have the curiosity to ask questions and the courage to persist in asking or to challenge management and fellow board members where necessary
Interpersonal skills	Must work well in a group, listen well, be tactful but able to communicate his / her point of view frankly
Instinct	Good business instincts and acumen, ability to get the crux of the issue quickly
An active contributor	The member must be one who participates and contributes actively and must allocate quality time to the organization's affairs

Details of the skills / expertise / competencies possessed by the Directors who were part of the Board as on 31st March, 2024, are as follows:

Name	Age	Qualifications	Industry Experience	Skills / Expertise / Competencies
Mr. P. P. Shah	71	B.Com., Chartered Accountant and Cost Accountant, MBA (Harvard Business School)	Finance, Investments, Projects and Consultancy	Business Strategy, Financial Analyst, People Management and Leadership, Mergers and Acquisitions, Risk Management, Sustainability, Corporate Governance
Mr. Anuj Jain	55	BSc, MMS	Paint	Business Strategy, Sales, Marketing, People Management and Leadership, Mergers and Acquisitions, Risk Management, Sustainability, Corporate Governance
Ms. Sonia Singh	59	BA (Economics), MBA	Consumer goods and services	Brand Strategy, Sales and Marketing, Risk Management, People Management, ESG
Mr. Bhaskar Bhat	69	B. Tech (Mechanical Engineering) (IIT Madras); PGDBM (IIM Ahmedabad)	Engineering, Consumer goods and services, Marketing and Administration	Manufacturing expertise, People Management and Leadership, Business Strategy, Sales and Marketing, Mergers and Acquisitions, Corporate Governance
Mr. H. Nishibayashi	60	Graduated from Osaka University of Foreign Studies, faculty of English studies	Paint	Sales, Marketing, International Business, Corporate Governance, People Management and Leadership, Risk Management
Mr. T. Tomioka	51	Graduated from Tokyo Gakugei University, faculty of Education	Paint	Sales, Marketing, Business Strategy, International Business, Sustainability, IT, Mergers and Acquisitions
Mr. Pravin Chaudhari	56	Bachelors in Engineering and Masters in Management from Mumbai University	Paint	Operations Management, Manufacturing, Supply Chain Management, Business Development, Sales Management and Strategy

(i) The Board hereby confirms that in its opinion, the Independent Directors of the Company fulfill the conditions as specified in the SEBI Listing Regulations and are independent of the management.

(j) Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his/her tenure along with a confirmation by such director that there are no other material reasons other than those provided: During the year, no Independent Director resigned from the Company, before the expiry of his/her tenure.

3. Audit Committee

The terms of reference of the Audit Committee, in accordance with the SEBI Listing Regulations, are:

(i) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(iii) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(iv) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

  (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

  (b) changes, if any, in accounting policies and practices and reasons for the same;

  (c) major accounting entries involving estimates based on the exercise of judgment by management;

  (d) significant adjustments made in the financial statements arising out of audit findings;

  (e) compliance with listing and other legal requirements relating to financial statements;

  (f) disclosure of any related party transactions;

  (g) modified opinion(s) in the draft audit report;

(v) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(vi) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the board to take up steps in this matter;

(vii) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(viii) approval or any subsequent modification of transactions of the listed entity with related parties;

(ix) scrutiny of inter-corporate loans and investments;

(x) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(xi) evaluation of internal financial controls and risk management systems;

(xii) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(xiii) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xiv) discussion with internal auditors of any significant findings and follow up there on;

(xv) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(xvi) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xvii) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(xviii) to review the functioning of the whistle blower mechanism;

(xix) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(xx) carrying out any other function as is mentioned in the terms of reference of the audit committee.

(xxi) reviewing the utilization of loans and / or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.

(xxii) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

In addition to the above, the Audit Committee reviews information mandatorily required to be reviewed as per the SEBI Listing Regulations.

As at 31st March, 2024, Mr. P. P. Shah, Ms. Sonia Singh and Mr. Bhaskar Bhat, Non-Executive and Independent Directors, were the members of the Audit Committee. All of them possess sound knowledge of accounts, audit, financial management expertise etc. Mr. P. P. Shah is the Chairman of the Audit Committee and Mr. G. T. Govindarajan, Company Secretary acts as the Secretary to the Audit Committee. The Internal Auditors, who report directly to the Audit Committee and Statutory Auditors also attend the meetings of the Audit Committee, besides the executives invited by the Audit Committee to be present thereat.

The Chairman of the Audit Committee was present at the last year's Annual General Meeting of the Company held on 26th June, 2023.

During the year ended 31st March, 2024, 5 (five) meetings of the Audit Committee were held i.e. on 8th May, 2023, 3rd August, 2023, 1st November, 2023, 15th December, 2023 and 5th February, 2024.

Name of the Member	Number of Audit Committee meetings attended during the year ended 31st March, 2024
Mr. P. P. Shah	5
Ms. Sonia Singh	5
Mr. Bhaskar Bhat	5

After 31st March, 2024, an Audit Committee meeting was held on 4th May, 2024, whereat the Audited Financial Results and Audited Financial Statements of the Company for the financial year ended 31st March, 2024, were reviewed, considered and recommended by the Audit Committee to the Board.

4. Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee, in accordance with the SEBI Listing Regulations, are:

(i) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(ii) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

  a. use the services of an external agencies, if required;

  b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

  c. consider the time commitments of the candidates;

(iii) formulation of criteria for evaluation of performance of Independent Directors and the board of directors;

(iv) devising a policy on diversity of board of directors;

(v) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

(vi) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

(vii) recommend to the Board, all remuneration, in whatever form, payable to senior management.

As at 31st March, 2024, Mr. Bhaskar Bhat, Mr. P. P. Shah and Ms. Sonia Singh, Non-Executive and Independent Directors and Mr. H. Nishibayashi, Non-Executive Director, were the members of the Nomination and Remuneration Committee.

Mr. Bhaskar Bhat is the Chairman of the Nomination and Remuneration Committee and was present at the last year's Annual General Meeting of the Company held on 26th June, 2023.

During the year ended 31st March, 2024, 3 (three) meetings of the Nomination and Remuneration Committee were held i.e. on 8th May, 2023, 13th June, 2023 and 1st November, 2023.

Name of the Member	Number of Nomination and Remuneration Committee meetings attended during the year ended 31st March, 2024
Mr. Bhaskar Bhat	3
Mr. P. P. Shah	3
Ms. Sonia Singh	3
Mr. H. Nishibayashi	3

After 31st March, 2024, a Nomination and Remuneration Committee meeting was held on 4th May, 2024, whereat the remuneration to be paid to the Managing Director and Senior Management for the financial year 2024-25, commission to be paid to the Managing Director and Independent Directors for the financial year 2023-24 was determined; evaluation of the performance of the Board, its Committees and the Directors for the financial year 2023-24 was also carried out and discussed.

5. Stakeholders' Relationship Committee

The terms of reference of the Stakeholders' Relationship Committee, in accordance with the SEBI Listing Regulations, are:

(i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(ii) Review of measures taken for effective exercise of voting rights by shareholders.

(iii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.

(iv) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

As at 31st March, 2024, Ms. Sonia Singh and Mr. P. P. Shah, Non-Executive and Independent Directors and Mr. Anuj Jain, Managing Director, were the members of the Stakeholders' Relationship Committee.

Ms. Sonia Singh is the Chairperson of the Stakeholders' Relationship Committee and she was present at the last year's Annual General Meeting of the Company held on 26th June, 2023.

Mr. G. T. Govindarajan, Company Secretary, is the Compliance Officer.

During the year ended 31st March, 2024, 1 (one) meeting of the Stakeholders' Relationship Committee was held on 20th March, 2024, which was attended by all its members.

A summary of various complaints received and resolved to the satisfaction of the Shareholders by the Company during the year is given below:

Nature of Complaint	Received	Resolved	Pending
Non-receipt of Dividend Warrant	0	0	0
Non-receipt of Share Certificates	0	0	0
SEBI/Stock Exchange Letter/ROC/NSDL/CDSL	8	8	0
Miscellaneous	0	0	0
Total	**8**	**8**	**0**

Normally, the Company ensures that all queries, complaints received/ clarifications sought, if any, are disposed off expeditiously. The Company had no complaint pending at the close of the financial year.

6. Risk Management Committee

The terms of reference of the Risk Management Committee, in accordance with the SEBI Listing Regulations, are:

(1) To formulate a detailed risk management policy which shall include:

I. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

II. Measures for risk mitigation including systems and processes for internal control of identified risks.

III. Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

As at 31st March, 2024, Mr. P. P. Shah and Ms. Sonia Singh, Non-Executive and Independent Directors, Mr. Anuj Jain, Managing Director, Mr. P. D. Pai and Mr. Jason Gonsalves were the members of the Risk Management Committee. Mr. P. D. Pai, Chief Risk Officer and Mr. Jason Gonsalves are non-board members of the Risk Management Committee.

Mr. P. P. Shah, Chairman of the Risk Management Committee was present at the last year's Annual General Meeting of the Company held on 26th June, 2023.

During the year ended 31st March, 2024, 2 (two) meetings of the Risk Management Committee were held i.e. on 14th August, 2023 and 6th February, 2024.

Name of the Member	**Number of Risk Management Committee meetings attended during the year ended 31st March, 2024**
Mr. P. P. Shah	2
Mr. Anuj Jain	2
Ms. Sonia Singh	2
Mr. P. D. Pai	2
Mr. Jason Gonsalves	2

7. Senior Management

As on 31st March, 2024, the following are the members of the Senior Management* as defined in the SEBI Listing Regulations:

Name	**Designation**
Mr. P. D. Pai	Director – Finance and Chief Financial Officer
Mr. Jason Gonsalves	Director – Corporate Planning, IT and Materials
Mr. Sudhir Rane	Sr. Vice President – Human Resources and International Operations
Mr. Abhijit Natoo	Sr. Vice President – Manufacturing
Mr. Rohit Malkani	Sr. Vice President – Decorative Sales and Marketing
Mr. Amrit Rekhi	Vice President – Industrial Sales
Mr. Laxman Nikam	Vice President – Technical
Mr. G. T. Govindarajan	Company Secretary

* Senior management includes officers and personnel of the Company but does not include secondees deputed by Kansai Paint Co., Ltd, Japan, the Promoter Company.

Mr. Ram Mehrotra, Vice President – Decorative Sales, resigned with effect from close of business hours on 10th November, 2023. There has been no other change in the Senior Management since the close of the previous financial year.

8. Remuneration of Directors

The Company has adopted a Remuneration Policy for its Directors, Key Managerial Personnel and other employees. The Remuneration Policy has laid down the criteria for determining qualifications, positive attributes, Independence of Director and Board diversity. The Policy lays down the factors for determining remuneration of Whole-time Directors, Non-Executive Directors, Key Managerial Personnel and other employees. The Policy also lays down the performance evaluation criteria of the Independent Directors and the Board. The Remuneration Policy is also available on the website of the Company at https://www.nerolac.com/financial/policies.html.

The Nomination and Remuneration Committee decides the remuneration of the Whole-time Directors.

Remuneration Policy:

A. Remuneration to Whole-time Directors:

- The remuneration paid to Whole-time Directors is subject to the limits laid down under Section 197 and Schedule V to the Act and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Whole-time Directors is determined by the Nomination and Remuneration Committee based on factors such as the Company's performance and performance / track record of the Whole-time Directors. The remuneration consists of Salary, Commission, Company's contribution to Provident Fund and Superannuation Fund, House Rent Allowance (HRA), Leave Travel Allowance (LTA) and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.
- The Whole-time Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- The Agreement with the Whole-time Director is for a period not exceeding 5 (five) years at a time. In the event that there is no breach of the terms of the Agreement by the Whole-time Director, but the Company exercises the discretion to terminate his services during the term of his Agreement, without assigning any reason thereof, then and in that event, the Whole-time Director shall be paid a compensation in accordance with the provisions of the Act.

  The details of remuneration paid to Mr. Anuj Jain – Managing Director, during the financial year 2023-24, are as follows:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration#	Mr. Anuj Jain
1	Fixed component	
	a. Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	266.39
	b. Value of Perquisites u/s 17(2) of Income-Tax Act, 1961	0.40
2	Variable component (performance linked)	
	Commission	250.00
	Total	**516.79**

\# Excludes Company's contribution to Provident Fund and Superannuation. As the future liabilities for gratuity, leave encashment along with medical benefits are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above. It also excludes the Restricted Stock Units (RSUs) granted during the financial year 2023-24 towards adjustment of bonus issue, in terms of Kansai Nerolac Paints Limited - Restricted Stock Unit Plan 2022. Details of RSUs granted during financial year 2023-24 is annexed to the Board's Report.

B. Remuneration to Non-Executive Directors

The Non-Executive Independent Directors are paid commission within the ceiling of 1% of net profits of the Company as specified in Section 197 of the Act. The commission payable to Non-Executive Independent Directors is decided by the Board, on recommendation of the Nomination and Remuneration Committee, based on a number of factors including number of Board and Committee meetings attended, individual contribution thereat etc.

The Non-Executive Independent Directors are also paid sitting fees for attending the meetings of the Board or Committees thereof within the limits prescribed under the Act.

Apart from the commission and sitting fees paid by the Company, the Non-Executive Independent Directors, in their individual capacity, did not have any pecuniary relationship or transaction with the Company during the financial year 2023-24.

The details of payments made to Non-Executive Independent Directors during the year ended 31st March, 2024 are as under:

(₹ in Lakhs)

Name of the Member	Sitting Fees							Commission[$]	Total
	Board Meeting	AC[%] Meeting	NRC* Meeting	CSRC[#] Meeting	ID^ Meeting	SRC[@] Meeting	RMC[&] Meeting		
Mr. P. P. Shah	2.00	1.25	0.75	–	0.50	0.25	0.50	45.00	50.25
Mr. N. N. Tata**	–	–	–	–	–	–	–	14.00	14.00
Ms. Sonia Singh	2.00	1.25	0.75	0.50	0.50	0.25	0.50	40.00	45.75
Mr. Bhaskar Bhat	2.00	1.25	0.75	0.50	0.50	–	–	26.00	31.00

% AC: Audit Committee

* NRC: Nomination and Remuneration Committee

\# CSRC: Corporate Social Responsibility Committee

^ ID: Independent Director

@ SRC: Stakeholders Relationship Committee

& RMC: Risk management Committee

$ Commission paid during the year 2023-24 was for the year ended 31st March, 2023.

** Mr. N. N. Tata resigned as an Independent Director of the Company with effect from 10th August, 2022. Commission paid to Mr. N. N. Tata during the financial year 2023-24 was for the period upto 10th August, 2022.

C. *Remuneration to Key Managerial Personnel and other employees*

The objective of the policy is to have a compensation framework that will reward and retain talent.

As per the policy, the remuneration is such as to ensure that the correlation of remuneration to performance is clear and meets appropriate performance benchmarks.

Remuneration to Key Managerial Personnel, Senior Management and other employees involves a balance between fixed and variable pay, reflecting short and long term performance objectives of the employees in line with the working of the Company and its goals. The above takes into consideration industry performance, customer performance and overall economic environment.

For Directors, the performance pay is linked to achievement of business plan (achievement of short-term and long-term business objective).

For Head of Departments the performance pay is linked to achievement of functional plan which is derived from the business plan. The functional plan includes both, short-term and long-term objectives.

For other management personnel, the performance pay is linked to achievement of individual set objectives and part of this is also linked to overall Company performance.

9. Independent Directors:

The Independent Directors of the Company have been appointed in accordance with the provisions of Section 149 of the Act and applicable provisions of the SEBI Listing Regulations.

Pursuant to Schedule IV to the Act, every Independent Director has been issued a letter of appointment containing the terms and conditions of his/her appointment. The terms and conditions of appointment have been posted on the website of the Company at https://www.nerolac.com/financial/policies.html.

Independent director's databank registration

Pursuant to a notification dated 22nd October, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors are registered with the Independent Director's Databank.

Separate meeting of Independent Directors

In accordance with the provisions of Schedule IV of the Act and Regulation 25 of the SEBI Listing Regulations, 2 (two) separate meetings of the Independent Directors were held during the year i.e. on 8th May, 2023 and 1st November, 2023, wherein the Internal Auditors and the Statutory Auditors of the Company were also invited. Both these meetings of the Independent Directors were without the attendance of Non-Independent Directors and members of management.

Name of the Director	Number of meetings of the Independent Directors attended during the year ended 31st March, 2024
Mr. P. P. Shah	2
Ms. Sonia Singh	2
Mr. Bhaskar Bhat	2

After 31st March, 2024, a meeting of the Independent Directors has been held on 4th May, 2024 and the Internal Auditors and the Statutory Auditors of the Company were also invited for discussion at this meeting.

Mr. P. P. Shah, Chairman of the Company, was the Chairman of all the meetings of Independent Directors. During the meetings, the Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and presented their views to the Managing Director for appropriate action. The Independent Directors at their meetings also considered:

a. review of the performance of the Non-Independent Directors and the Board as a whole;

b. review of the performance of the Chairman of the Company, taking into account the views of the Executive Director and Non-Executive Directors;

c. assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

10. General Body Meetings:

(a) Location and time of the last three year's Annual General Meetings ("AGM") of the Company:

Particulars of the AGM	Date and Time	Venue
103rd AGM	26th June, 2023 at 11 a.m.	By Video Conferencing / Other Audio Visual Means
102nd AGM	23rd June, 2022 at 11 a.m.	By Video Conferencing / Other Audio Visual Means
101st AGM	25th June, 2021 at 11 a.m.	By Video Conferencing / Other Audio Visual Means

(b) No special resolution was passed at the 101st AGM of the Company. 1 (one) special resolution was passed in the 102nd AGM of the Company, for re-appointment of Ms. Sonia Singh as Independent Director. No Special Resolution was passed at the 103rd AGM of the Company.

(c) During the year, the Company conducted a postal ballot, the details of Resolutions passed and the voting pattern based on the Scrutinizer's Report are as under:

Item No.	Resolution	Type of Resolution	Votes cast in favour of the Resolution	Votes cast against the Resolution	% of Votes cast in favour#	% of Votes cast in against#	Status of the Resolution
	Special Business						
1.	Increase in the Authorised Share Capital of the Company from ₹ 66,50,00,000 divided into 66,50,00,000 Equity Shares of ₹ 1 each to ₹ 85,00,00,000 divided into 85,00,00,000 Equity Shares of ₹ 1 each.	Ordinary Resolution	47,40,87,503	59,221	99.9875	0.0125	Passed with requisite majority
2.	Alteration of the Memorandum of Association (MOA) of the Company to amend the existing Share Capital Clause in the MOA, consequent to increase in Authorised Share Capital from ₹ 66,50,00,000 divided into 66,50,00,000 Equity Shares of ₹ 1 each to ₹ 85,00,00,000 divided into 85,00,00,000 Equity Shares of ₹ 1 each.	Ordinary Resolution	47,41,45,216	1,800	99.9996	0.0004	Passed with requisite majority
3.	Alteration of the Articles of Association (AOA) of the Company to amend the existing Capital Clause in the AOA, consequent to increase in Authorised Share Capital from ₹ 66,50,00,000 divided into 66,50,00,000 Equity Shares of ₹ 1 each to ₹ 85,00,00,000 divided into 85,00,00,000 Equity Shares of ₹ 1 each.	Special Resolution	47,41,44,965	1,825	99.9996	0.0004	Passed with requisite majority
4.	Issue of Bonus Shares in the proportion of 1 (One) New Equity Share of ₹ 1 each for every 2 (Two) existing Equity Shares held by the Members of the Company.	Special Resolution	47,13,55,720	27,91,070	99.4113	0.5887	Passed with requisite majority

Rounded off to 4 decimals.

(d) Mr. Sohan J. Ranade, Membership No. A33416 & Certificate of Practice No. 12520, Partner of JHR & Associates, Company Secretaries in practice, was the Scrutinizer to scrutinize the postal ballot process in fair and transparent manner.

(e) The postal ballot was conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Act read with procedure mentioned Rule 22 of the Companies (Management and Administration) Rules, 2014, including any amendment thereof. In line with the relevant MCA Circulars, the Postal Ballot Notice dated 8th May, 2023, was sent by e-mail to all the Shareholders whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes to the Shareholders and to all other persons so entitled. The Company provided facility of remote e-voting to its Members in respect of the business transacted by Postal Ballot through electronic means. The Company provided the facility of voting by electronic means through National Securities Depository Limited.

The remote e-voting period began on Wednesday, 17th May, 2023 at 9 a.m. and ended on Thursday, 15th June, 2023 at 5 p.m. The Members, whose names appeared in the Register of Members/Beneficial Owners as on the cut-off date i.e. Friday, 12th May, 2023, could cast their vote electronically. The voting right of Shareholders was in proportion to their share in the paid-up Equity Share Capital of the Company as on the cut-off date, being Friday, 12th May, 2023. In terms of the Act, the Resolution is deemed to have been passed by the requisite majority through Postal Ballot on the last date of remote e-voting i.e. Thursday, 15th June, 2023. The Scrutinizer after scrutiny of the votes cast, submitted their report on the result of the Postal Ballot to the Chairman. The result of the Postal Ballot along with the Scrutinizer's Report was announced by the Chairman of the Company on Friday, 16th June, 2023.

(f) As on the date of this Report, no Special Resolution is proposed to be conducted through Postal Ballot.

11. Means of Communication

(a) Quarterly Results: The quarterly results are published in accordance with the applicable provisions of the SEBI Listing Regulations.

(b) Newspaper in which results are normally published: Generally, the results are published in Business Standard and Sakal. However, the results could also get published in any other reputed newspaper such as the Financial Express, Loksatta the Economic Times, Maharashtra Times.

(c) Any website, where displayed: https://www.nerolac.com.

(d) Whether it also displays official news releases; and presentation made to institutional investors or to the analysts: Relevant information is displayed on the website of the Company at https://www.nerolac.com/investors/conference-call-with-investors.html.

12. General Shareholder Information

(a) Date, Time and Venue of the AGM:

104th AGM of the Company will be held on Friday, 28th June, 2024 at 11 a.m. (IST) through Video Conferencing/ Other Audio Visual Means.

(b)

Financial Year	:	April - March
Financial reporting for the quarter ending 30th June, 2024	:	July - August 2024
Financial reporting for the quarter ending 30th September, 2024	:	October - November 2024
Financial reporting for the quarter ending 31st December, 2024	:	January - February 2025
Financial reporting for the year ending 31st March, 2025	:	April - May 2025
Annual General Meeting for the year ending 31st March, 2025	:	End June 2025

(c) Dates of Book Closure:

Saturday, 22nd June, 2024 to Friday, 28th June, 2024 (both days inclusive) for the purpose of AGM and dividend.

Dividend Payment Date:

Dividend, if declared, will be payable on or after Wednesday, 3rd July, 2024 to those members whose names are registered as such in the Register of Members of the Company as on Friday, 21st June, 2024 and to the Beneficiary holders as per the Register of Beneficial Owners as on Friday, 21st June, 2024 provided by National Securities Depository Limited and Central Depository Services (India) Limited.

(d) Listing of Stock Exchanges:

The Company's Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited.

BSE Limited ("BSE")	**National Stock Exchange of India Limited ("NSE")**
Phiroze Jeejeeebhoy Towers, Dalal Street, Mumbai - 400 001	Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051

The annual listing fees of BSE and NSE for the financial year 2024-25 have been paid.

(e) Stock Code:

Stock Exchange	Code
BSE	500165
NSE	KANSAINER

ISIN : INE531A01024

(f) Market price data - high, low during each month in last financial year:

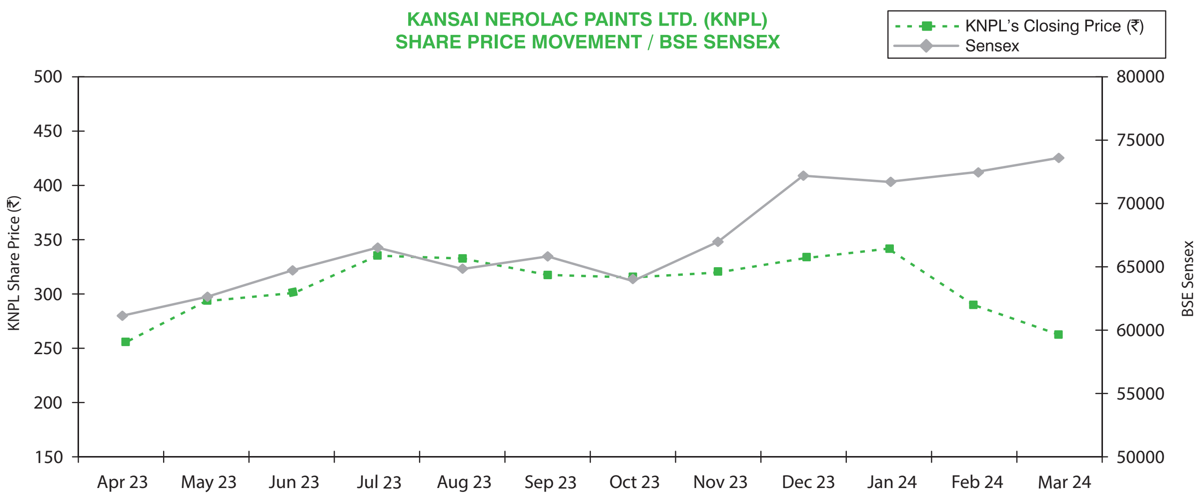
High / Low of market price of the Company's Equity Shares traded on the Stock Exchanges during the year ended 31st March, 2024 is furnished below:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2023	395.00	371.20	395.05	373.65
May 2023	444.00	379.90	444.20	379.55
June 2023	469.75	424.80	469.90	425.00
July 2023	469.25	300.15	469.45	300.50
August 2023	354.00	317.60	354.00	315.00
September 2023	344.25	316.30	344.45	316.65
October 2023	327.90	306.00	328.00	306.50
November 2023	327.55	301.10	327.50	301.00
December 2023	355.00	316.75	357.30	316.00
January 2024	347.40	330.45	348.00	330.65
February 2024	352.75	288.65	353.00	288.60
March 2024	295.85	256.00	295.70	257.50

(g) Performance of the Company's Stock in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.:

Details of the performance of the Company's Stock vis-à-vis S&P BSE Sensex, was as below:

Month	Company's Closing Price on BSE (₹)	BSE Sensex
April 2023	379.90	61112.44
May 2023	440.90	62622.24
June 2023	450.65	64718.56
Post Bonus Issue		
July 2023	335.35	66527.67
August 2023	332.70	64831.41
September 2023	317.50	65828.41
October 2023	315.20	63874.93
November 2023	319.75	66988.44
December 2023	332.80	72240.26
January 2024	341.85	71752.11
February 2024	289.80	72500.3
March 2024	262.25	73651.35



* The Company's share price is adjusted in the graph considering the issue of Bonus Shares in the ratio of 1:2 in July, 2023.

(h) The securities of the Company have never been suspended from trading.

(i) Registrar and Share Transfer Agents:

Link Intime India Private Limited (formerly TSR Consultants Private Ltd.)
C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083.
Tel. No.: +91 810 811 8484,
E-mail: csg-unit@linkintime.co.in
Website: www.linkintime.co.in

(j) Share Transfer System:

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form.

Members may please note, pursuant to SEBI Circular dated 25th January, 2022, the listed companies shall issue the securities in dematerialised form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition etc. The shareholders are requested to make service requests by submitting a duly filled and signed Form ISR–4, the format of which is available on the website of the Company's Registrar and Share Transfer Agents at www.linkintime.co.in. After processing the service request, a letter of confirmation will be issued to the Shareholder that shall be valid for a period of 120 days, within which the Shareholder shall make a request to the Depository Participant for dematerializing those shares. If the Shareholder fails to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat Account held by the Company which can be claimed by the Shareholders on submission of necessary documentation.

Further, pursuant to the SEBI Circular bearing No. SEBI/LAD-NRO/GN/2023/130 dated 23rd May, 2023 and consequent amendment to Regulation 294 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 which inter-alia states that the allotment of shares shall be made only in dematerialised form. Accordingly, the Company has transferred the Bonus Shares allotted to the Shareholders holding Equity Shares in physical form as on the Record date, to an Escrow Demat Account maintained by the Company. Shareholders can claim these Bonus Shares transferred to the said Escrow Demat Account on submission of necessary documentation.

(k) Distribution of Shareholding as on 31st March, 2024:

No. of Equity Shares held	No. of Folios	% to number of Folios	No. of Equity Shares	% to number of Shares
Upto 500	1,07,616	92.13	79,41,645	0.98
501 to 1000	3,566	3.05	26,36,307	0.33
1001 to 2000	2,109	1.81	30,74,726	0.38
2001 to 3000	834	0.71	21,58,954	0.27
3001 to 4000	366	0.31	12,95,471	0.16
4001 to 5000	357	0.31	16,54,687	0.20
5001 to 10000	722	0.62	52,03,107	0.64
10001 to 20000	542	0.46	78,75,390	0.97
20001 and above	703	0.60	77,65,39,293	96.06
Grand Total	**1,16,815**	**100.00**	**80,83,79,580**	**100.00**

Geographical Distribution of Shareholders as on 31st March, 2024

Location	No. of Folios	% to number of Folios	No. of Equity Shares	% to number of Shares
OUTSIDE INDIA				
Promoter - Kansai Paint Co., Ltd.	1	0.00	60,62,03,847	74.99%
FII, NRI, OCB, FPI - Corporation	2,625	2.25	4,06,00,315	5.02%
IN INDIA				
Mumbai	19,170	16.41	12,45,64,704	15.41%
New Delhi	6,520	5.58	72,55,047	0.90%
Ahmedabad	3,521	3.01	25,00,173	0.31%
Bangalore	5,324	4.56	28,77,327	0.36%
Pune	5,505	4.71	29,23,902	0.36%
Kolkata	3,422	2.93	35,99,973	0.45%
Chennai	3,572	3.06	12,10,527	0.15%
Hyderabad	3,308	2.83	15,26,779	0.19%
Surat	1,725	1.48	7,84,737	0.10%
Vadodara	1,318	1.13	6,09,713	0.08%
Jaipur	1,513	1.30	9,60,044	0.12%
Others	59,291	50.76	1,27,62,492	1.58%
Total	**1,16,815**	**100.00**	**80,83,79,580**	**100.00**

Categories of Shareholders as on 31st March, 2024

Sr. No.	Category	No. of Equity Shares held	Percentage to Shareholding
A.	**Promoters' Holding**		
1.	Promoters		
	Indian Promoters	Nil	Nil
	Foreign Promoters (Kansai Paint Co., Ltd., Japan)	60,62,03,847	74.99
2.	Persons acting in concert	Nil	Nil
	Sub-Total (A)	**60,62,03,847**	**74.99**
B.	**Non-Promoters' Holding**		
3.	Institutional		
	Mutual Funds	2,75,38,686	3.41
	Banks, Insurance Companies	6,57,16,510	8.13
	Alternate Investment Funds	4,18,038	0.05
	Foreign Portfolio Investors	3,81,75,302	4.72
	Sub-Total (i)	**13,15,57,498**	**16.27**
4.	Non-Institutions		
	Private Corporate Bodies	52,26,634	0.65
	Indian Public	6,08,72,044	7.53
	NBFCs	3,111	0.00
	NRIs / OCBs	24,20,513	0.30
	Any Other (Trusts)	22,265	0.00
	Clause 5A	1,02,715	0.01
	Suspense Escrow Demat Account	9,08,520	0.11
	IEPF	10,62,433	0.13
	Sub-Total (ii)	**7,06,18,235**	**8.74**
	Sub-Total (B) = (i) + (ii)	**20,21,75,733**	**25.01**
	Grand Total (A) + (B)	**80,83,79,580**	**100.00**

(l) Dematerialisation of Shares and Liquidity:

As on 31st March, 2024, 99.80% of the paid-up share capital of the Company had been dematerialised. Particulars of trading on the Company's shares for the financial year 2023-24:

Stock Exchange	No. of Trades	No. of Equity Shares
BSE	2,61,199	67,93,615
NSE	29,06,201	9,78,87,602

(m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments:

The Company has not issued any GDRs / ADRs / Warrants or any Convertible Instruments.

(n) Commodity price risk or foreign exchange risk and hedging activities:

With reference to Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15th November, 2018 issued by SEBI, on disclosures regarding commodity risks by listed entities, the Company is actively working on mitigating commodity risks and foreign exchange risks.

Commodity Risk

Commodity risk is an integral spectrum of the risk framework of the Company and impacts its financial performance upon fluctuations in the prices of the commodities that are out of control of the Company and are primarily driven by external market forces, government policies and international market changes. The Company does not undertake any commodity hedging activities on any exchange but procures raw materials which are derivatives of various commodities. The Company has a robust framework and governance mechanism in place that ensures Company's interests are protected despite volatility in prices and availability.

Foreign Exchange Risk

The Company manages its foreign exchange risks by hedging its net exposure with the use of appropriate hedging instruments based on its foreign exchange risk management policy. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures are disclosed in Notes to the financial statements.

(o) Plant Locations:

The Company's plants, which are operative, are located at:

1. Lote Parshuram, Ratnagiri, Maharashtra
2. Jainpur, Kanpur Dehat, Uttar Pradesh
3. Bawal, Haryana
4. Hosur, Tamil Nadu
5. Sayakha, Gujarat
6. Goindwal Sahib, Punjab
7. Kakoda, Goa
8. Sarigam, Gujarat

(p) Address for correspondence:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083
Tel. No.: +91 810 811 8484
E-mail: csg-unit@linkintime.co.in

Shareholders can also contact the Secretarial Department at the Registered Office of the Company at:

28th Floor, A-wing, Marathon Futurex,
N.M. Joshi Marg, Lower Parel,
Mumbai - 400 013, Maharashtra
Tel. No.: +91-22-40602500, +91-22-40602501

E-mail ID for Investor Grievances: The Company has created an e-mail ID for redressal of Investor Complaints named investor@nerolac.com.

(q) List of all credit ratings obtained by the Company:

Sr. No.	Particulars	Amount (₹ in Crores)	Rating Agency	Rating
1	Cash Credit*	350	CRISIL	Long Term Rating – CRISIL AAA/Stable
2	Commercial Paper	30	CRISIL	CRISIL A1+
3	Non-Convertible Debentures	10	CRISIL	CRISIL AAA/Stable

* Interchangeable with buyer's credit, working capital loan, letter of credit and bank guarantee.

13. Disclosures

(a) Related Party Transactions:

All transactions entered into with the Related Parties as defined under the Act and Regulation 23 of the SEBI Listing Regulations, during the financial year, were in the ordinary course of business and on arm's length basis and do not attract provisions of Section 188 of the Act. There were no materially significant transactions with the related parties during the financial year that may have potential conflict with the interest of the Company at large.

Related party transactions have been disclosed in Note no. 38 to the Standalone Financial Statements.

The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions which is available on the website of the Company at https://www.nerolac.com/financial/policies.html. In terms of the same, a statement in summary form of transactions with related parties in the ordinary course of business and on arm's length basis is periodically placed before the Audit Committee for its review. Omnibus approval was obtained for transactions which were repetitive in nature. Transactions entered into pursuant to omnibus approval were placed before the Audit Committee for its review during the year.

(b) Non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years:

Nil.

(c) Vigil mechanism and Whistle Blower Policy:

The Company, pursuant to Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations, has a Whistle Blower Policy in place, which is available on the website of the Company at https://www.nerolac.com/financial/policies.html. The Company's Policy provides effective means to encourage the employees to communicate any concerns about unethical behaviour, actual or suspected fraud, or violation of Company's Code of Conduct or Ethics Policy. The employees may report such concerns to their seniors, Managing Director and/ or Chairman of the Audit Committee, without fear of punishment, reprisal or unfair treatment. There are safeguards to ensure that all employee concerns receive due consideration.

The Code of Conduct for the Board of Directors and Senior Management states that Directors and members of Senior Management of the Company shall endeavour to promote ethical behaviour and to provide an opportunity to employees to report violation of laws, rules, regulations or codes of conduct and policy directives adopted by the Company to the appropriate personnel without fear of retaliation of any kind for reports made by the employees in good faith.

No personnel has been denied access to the Audit Committee.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements along with the details of any non-compliance of any requirement of the Corporate Governance Report, pertaining to Point Nos. (2) to (10) of Schedule V(C) of the SEBI Listing Regulations:

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance. There is no non-compliance of any requirement of the Corporate Governance Report and necessary details as required vide Schedule V(C) of the SEBI Listing Regulations have been provided herein. Further, necessary disclosures with respect to the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI Listing Regulations, have been made in this Report on Corporate Governance. Necessary details as required in terms of clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations are available on the website of the Company at www.nerolac.com.

The discretionary requirements as stipulated in Part E of Schedule II of the SEBI Listing Regulations, have been adopted to the extent and in the manner as stated under the appropriate headings in this Report on Corporate Governance.

(e) Material Subsidiaries:

The Company does not have a material subsidiary as defined under Regulation 16(1)(c) of the SEBI Listing Regulations. The Policy for determining material subsidiaries is available on the website of the Company at https://www.nerolac.com/financial/policies.html.

(f) Disclosure of commodity price risks and commodity hedging activities:

This has been discussed under Point No. 11(n) of this Report on Corporate Governance.

(g) Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations:

There was no Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.

(h) A Certificate has been received from JHR & Associates, Practicing Company Secretaries that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

Further, in terms of Regulation 24A of the SEBI Listing Regulations, the Company has obtained the Secretarial Compliance Report for the financial year ended 31st March, 2024, confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder.

(i) Disclosure of instances along with the reasons, where the Board of Directors had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the financial year 2023-24:

There was no instance during the financial year 2023-24, where the Board of Directors did not accept the recommendation of any Committee of the Board which it was mandatorily required to accept.

(j) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part:

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to S R B C & CO LLP, Chartered Accountants (Statutory Auditor of the Company) and other firms in the network entity of which the Statutory Auditor is a part, as included in the consolidated financial statements of the Company for the financial year ended 31st March, 2024, is as follows:

(₹ in Crores)

Fees for audit and related services paid to S. R. Batliboi & Affiliates firms and to entities of the network of which the Statutory Auditor is a part (excluding out of pocket expenses)	0.93
Other fees paid to S. R. Batliboi & Affiliates firms and to entities of the network of which the Statutory Auditor is a part	–
Total Fees	**0.93**

(k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the financial year 2023-24: 1

b. Number of complaints disposed of during the financial year 2023-24: 1

c. Number of complaints pending as on end of the financial year 2023-24: Nil

(l) Disclosure by listed entity and its subsidiaries of loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:

There are no loans and advances in the nature of loans to firms/companies in which directors are interested as on 31st March, 2024.

14. CEO/CFO Certification

A certificate from the CEO and CFO as specified in Part B of Schedule II in terms of Regulation 17(8) of the SEBI Listing Regulations, was placed before the meeting of the Board of Directors held on 4th May, 2024, to approve the Audited Financial Results and Audited Financial Statements of the Company for the financial year ended 31st March, 2024.

15. Compliance certificate obtained from S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company, regarding compliance of conditions of corporate governance, is annexed to this Report.

16. Unclaimed Dividend

Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividend upto 56th Dividend for the year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Also, pursuant to Section 205A read with Section 205C of the Companies Act, 1956 as replaced by Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended, all unclaimed dividends for the year ended 31st March, 1995 to 31st March, 2016 have been transferred to the Investor Education and Protection Fund ("IEPF").

Shareholders who have not encashed their dividend warrants for the aforesaid period are requested to claim the amount from the IEPF Authority, by submitting an online application in Form IEPF-5 available on www.iepf.gov.in.

Shareholders are requested to encash their dividend warrants immediately on receipt as dividends remaining unclaimed for seven years are to be transferred to the IEPF. Further, pursuant to Section 124 of the Act read with IEPF Rules, as amended, the shares, in respect of which dividend is not claimed for seven consecutive years, are required to be transferred by the Company in the name of IEPF. Any claimant of such transferred shares would be entitled to claim the transfer of shares from IEPF in accordance with the procedure as laid down in the aforesaid IEPF Rules.

Shareholders are requested to visit the website of the Company at https://www.nerolac.com/financial/shareholders.html for details of amounts lying in the unclaimed dividend accounts of the Company, unclaimed dividend for 2015-16 transferred to the IEPF, the shares transferred to IEPF and the shares due to be transferred to IEPF.

17. Disclosure with respect to demat suspense account / unclaimed suspense account

Particulars		No. of Shareholders	No. of Equity Shares
a)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2023	24	88,010 Equity Shares of ₹ 1 each
b)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	Nil	Nil
c)	Number of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year	Nil	Nil
d)	Number of shareholders whose unclaimed dividends were transferred to the IEPF account in terms of Ministry of Corporate Affairs General Circular No. 12/2017 dated 16th October, 2017	7	29,300 Equity Shares of ₹ 1 each
e)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2024	24	1,27,015 Equity Shares of ₹ 1 each
f)	It is hereby confirmed that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

* The Company allotted Bonus Equity Shares in the proportion of 1 (One) New Equity Share of ₹ 1 each for every 2 (Two) existing Equity Shares of ₹ 1 each on 5th July, 2023. Accordingly, number of Equity Shares in unclaimed suspense account have increased proportionately.

For and on behalf of the Board

P. P. Shah
Chairman

Mumbai, 4th May, 2024

DECLARATION

As required under Schedule V(D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that the members of the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2024.

For Kansai Nerolac Paints Limited

Anuj Jain
Managing Director

Mumbai, 4th May, 2024

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of Kansai Nerolac Paints Limited

1. The Corporate Governance Report prepared by Kansai Nerolac Paints Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2024 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

   i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Register of Directors as on March 31, 2024 and verified that atleast one independent woman director was on the Board of Directors throughout the year;

   iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2023 to March 31, 2024:

      (a) Board of Directors;

      (b) Audit Committee;

      (c) Annual General Meeting (AGM);

      (d) Nomination and Remuneration Committee;

      (e) Stakeholders Relationship Committee;

      (f) Risk Management Committee

   v. Obtained necessary declarations from the directors of the Company.

   vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management, including that the Company is in the process of submitting the secretarial compliance report to stock exchange and the due date for submission of the same is May 30, 2024.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2024, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 24110759BKEBAL5580

Place of Signature: Mumbai
Date: May 04, 2024

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, Business Responsibility and Sustainability Report (BRSR) in the Annual Report is mandatory for the top 1000 listed companies, based on market capitalisation as on 31st March of every year. The BRSR is based on the format suggested by SEBI vide SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 Dt. 12th July, 2023)

SECTION A - GENERAL DISCLOSURES

I. Details

1.	Corporate Identity Number (CIN) of the Listed Entity	L24202MH1920PLC000825	
2.	Name of the Listed Entity	Kansai Nerolac Paints Limited (KNPL)	
3.	Year of incorporation	1920	
4.	Registered office address	28th Floor, A-Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai - 400 013, Maharashtra	
5.	Corporate address	28th Floor, A-Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai - 400 013, Maharashtra	
6.	E-mail	investor@nerolac.com	
7.	Telephone	022 - 4060 2500, 022 - 4060 2501	
8.	Website	www.nerolac.com	
9.	**Date of Start of Financial Year**	**Start date**	**End date**
	Financial Year	1st April, 2023	31st March, 2024
	Previous Year	1st April, 2022	31st March, 2023
	Prior To Previous Year	1st April, 2021	31st March, 2022
10.	Name of the Stock Exchange(s) where shares are listed	1. BSE Ltd. 2. NSE Ltd.	
11.	Paid-up capital	₹ 80.84 Crores	
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report		
	Name of contact person	Mr. Jason. S. Gonsalves Director (Corporate Planning, IT, and Materials)	
	Contact number of contact person	022 - 4060 2500	
	Email of Contact Person	jasongonsalves@nerolac.com	
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken, together).	Standalone basis	
14.	Name of assurance provider	Aneja Assurance Pvt. Ltd.	
15.	Type of assurance obtained	Limited Assurance	

II. Products/Services

16. Details of business activities

S. no.	Description of main activity	Description of business activity	% of turnover
1.	Manufacturing	Manufacturing and supply of paints, varnishes, enamels and lacquers.	100

17. **Products/services sold by the entity (accounting for 90% of the entity's Turnover):**

S. no.	Product/service	NIC code	% of total turnover contributed
1.	Manufacture of paints and varnishes, enamels or lacquers	20221	100

III. Operations

18. **Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	9 (8 manufacturing plants and 1 R&D centre)	120 (Head office, 112 depots, 7 RDC)	129
International	0	0	0

KNPL has three subsidiaries abroad, namely KNP Japan Private Limited in Nepal, Kansai Paints Lanka (Private) Limited in Sri Lanka and Kansai Nerolac Paints (Bangladesh) Limited in Bangladesh. Additionally, the Company has one domestic subsidiary, Nerofix Private Limited.

19. **Markets served by the entity:**

a. **Number of locations**

Location	Number
National (No. of states)	28
International (No. of countries)	Minor sale is done to Bhutan & Bangladesh Customers

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

0.12%

c. **A brief on types of customers**

KNPL caters to a diverse customer base, spanning residential, commercial, industrial, government and institutional, and retail customers. Offering a comprehensive range of products, including decorative paints, industrial paints, wood finishes, adhesives, and construction chemicals, the Company meets various application needs. Additionally, its industrial paints are tailored to suit specific requirements in the automotive, consumer durables, machinery, equipment, and structural sectors.

IV. Employees

20. **Details as at the end of Financial Year:**

a. **Employees and workers (including differently abled):**

S. no		Particulars	Total (A)	Male		Female		Others	
				No (B)	% (B/A)	No (C)	% (C/A)	No. (H)	% (H/A)
		EMPLOYEES							
1.	Employees	Permanent (D)	3,068	2,930	95.5	138	4.5	0	0
2.		Other than Permanent (E)	2,173	2,080	95.72	93	4.28	0	0
3.		Total employees (D + E)	5,241	5,010	95.59	231	4.41	0	0
		Workers							
1.	Workers	Permanent (F)	716	711	99.3	5	0.7	0	0
2.		Other than Permanent (G)	3,945	3,894	98.71	51	1.29	0	0
3.		Total workers (F + G)	4,661	4,605	98.8	56	1.2	0	0

b. **Differently abled employees and workers:**

S. no.	Particulars		Total (A)	Male		Female		Others	
				No (B)	% (B/A)	No (C)	% (C/A)	No. (H)	% (H/A)
Differently abled employees									
1.	Differentially Abled Employees	Permanent (D)	2	2	100.00	0	0.00	0	0.00
2.		Other than permanent (E)	0	0	0.00	0	0.00	0	0.00
3.		Total differently abled employees (D + E)	2	2	100.00	0	0.00	0	0.00
Differently abled workers									
1.	Differentially Abled Workers	Permanent (F)	0	0	0.00	0	0.00	0	0.00
2.		Other than permanent (G)	0	0	0.00	0	0.00	0	0.00
3.		Total differently abled workers (F + G)	0	0	0.00	0	0.00	0	0.00

21. Participation/inclusion/representation of women

	Total (A)	No and Percentage of Females	
		No (B)	% (B/A)
Board of Directors	7	1	14.29
Key Managerial Personnel[#]	3	0	0.00

*Includes the MD, CFO and CS.

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023-24 (Turnover rate in current FY) [values in %]				FY 2022-23 (Turnover rate in previous FY) [values in %]				FY 2021-22 (Turnover rate in the year prior to the previous FY) [values in %]			
	Male	Female	Others	Total	Male	Female	Others	Total	Male	Female	Others	Total
Permanent employees	31.34	34.02	0.00	31.45	33.05	26.19	0.00	32.82	26.49	29.57	0.00	26.56
Permanent workers	3.34	0.00	0.00	3.32	1.13	0.00	0.00	1.12	1.76	0.00	0.00	1.75

Note - Consists of persons leaving the employment of the entity voluntarily or due to dismissal, termination, retirement or death in service

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding/subsidiary/associate companies/joint ventures

S. no.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether holding/subsidiary/ associate/joint venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Kansai Paint Co., Ltd., Japan	Holding	74.99	No
2.	KNP Japan Private Limited	Subsidiary	68.00	No
3.	Kansai Paints Lanka (Private) Limited	Subsidiary	60.00	No

S. no.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether holding/subsidiary/ associate/joint venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
4.	Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited)	Subsidiary	55.00	No
5.	Nerofix Private Limited	Subsidiary	100	No

Vi. CSR Details

24. CSR details

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): 7393.30 Crores

(iii) Net worth (in ₹): 5653.12 Crores

Vii. Transparency And Disclosures Compliances

25. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on responsible business conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If yes, then provide web-link for grievance redress policy	FY 2023-24			FY 2022-23			If NA, then provide the reason
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	
Communities	Yes		0	0	-	0	0	-	-
Investors (other than shareholders)	Yes		8	0	-	0	0	-	-
Shareholders	Yes		0	0	-	0	0	-	-
Employees and Workers	Yes		1	0	-	0	0	-	-
Customers	Yes		836	24	-	761	6	-	-
Value Chain Partners	Yes		0	0	-	0	0	-	-

Communities - All of KNPL's plants are located in village areas, where nearby communities raise concerns with the Panchayats and Government authorities. The highlighted issues are then taken up by the Company's plant team as projects in that area.

Shareholders & Investors - KNPL has created an e-mail address, investor@nerolac.com, for addressing Investor Complaints.

Employees and workers - The Company has an Internal Complaints Committee in place, and employees and workers can approach HR Business Partners for assistance.

Customers - KNPL has established a dedicated consumer helpline: 1800-209-2092.

Value chain partners - KNPL has incorporated a Supplier Code of Conduct to address grievances raised by value chain partners.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Decarbonisation - Climate change/emission management/ energy management	Risk	Climate change poses a great threat as it can result in physical and transitional risks, including extreme weather events and a lack of resource availability.	1. Conducting organisation-wide assessments of risks and preparedness related to climate change, periodic greenhouse gas inventorisation activity and analysis 2. Ensuring approval of SBTi on near-term GHG emission reduction targets	Negative
		Opportunity	1. Invest in technologies to create a green product portfolio 2. Increase the use of electricity from renewable sources	-	Positive

S. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Resource use - Water management	Risk	Due to the scarcity of fresh water and the presence of some of KNPL's manufacturing plants in water-stressed areas. Also, water serves as a crucial raw material components for the Company's finished goods (water-based paint).	1. Achieving water positive status in FY 2023-24 by replenishing more water than water consumed 2. Ensuring rainwater harvesting and judicious usage of fresh water	Negative
3.	Quality of life - Human rights	Opportunity	KNPL ensures the prevention of child labour, forced labour or any form of involuntary labour, paid or unpaid in any of its subsidiaries, manufacturing units, and depots.	-	Positive
5.	Diversity - Inclusivity	Opportunity	The Company ensures no discrimination in employment in any form, i.e., working age, gender, nationality, race, religion, disabilities and sexual orientation.	-	Positive
6.	Governance	Opportunity	KNPL ensures the highest level of corporate governance and compliance with the statutory authorities.	-	Positive

SECTION B - MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the ngrbc principles and core elements.

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure question		1(a). Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	1(b). Has the policy been approved by the Board? (Yes/No)*	1(c). Weblink of the policies, if available
Policy and management processes				
P1	Ethics & transparency	Yes	Yes	https://www.nerolac.com/investors/policies.html
P2	Product responsibility	Yes	Yes	https://www.nerolac.com/investors/policies.html
P3	Human resources	Yes	Yes	https://www.nerolac.com/investors/policies.html
P4	Responsiveness to stakeholders	Yes	Yes	https://www.nerolac.com/investors/policies.html
P5	Respect for human rights	Yes	Yes	https://www.nerolac.com/investors/policies.html
P6	Efforts to restore the environment	Yes	Yes	https://www.nerolac.com/investors/policies.html
P7	Public policy advocacy	Yes	Yes	https://www.nerolac.com/investors/policies.html
P8	Inclusive growth	Yes	Yes	https://www.nerolac.com/investors/policies.html
P9	Customer engagement	Yes	Yes	https://www.nerolac.com/investors/policies.html

* KNPL's policies are reviewed by department heads, Directors, Board Committees, and Board members, where applicable.

Disclosure question		2. Whether the entity has translated the policy into procedures. (Yes/No)	3. Do the enlisted policies extend to your value chain partners? (Yes/No)	4. Name of the national and international codes/ certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.
Policy and management processes				
P1	Ethics & transparency	Yes	Yes	-
P2	Product responsibility	Yes	Yes	Quality Management Systems - ISO 9001:2015 Safety Management Systems - ISO 45001: 2018
P3	Human resources	Yes	Yes	-
P4	Responsiveness to stakeholders	Yes	No	-
P5	Respect for human rights	Yes	Yes	-
P6	Efforts to restore the environment	Yes	Yes	Environment Management Systems - ISO 14001:2015 Energy Management - ISO 50001
P7	Public policy advocacy	Yes	No	-
P8	Inclusive growth	Yes	No	-
P9	Customer engagement	Yes	No	-

Disclosure question	5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.
Policy and management processes		
BRSR 9 Principles	Disclosed in the Respective Capitals.	Disclosed in the Capital Section of this Annual Report.

Governance, leadership and oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	KNPL has set ambitious targets to reduce its carbon footprint and resource consumption, along with ensuring ethical sourcing and responsible supply chain management. The Company has made significant strides in water replenishment and has improved transparency and engagement with stakeholders. Additionally, the Company remains committed to building a more sustainable future and driving positive impact in the communities where it operates.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Jason. S. Gonsalves Director (Corporate Planning, IT, and Materials)
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No).	Yes
If yes, provide details.	ESG Committee

10. Details of review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by Director/Committee of the Board/Any Other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee	The policies of the Company are reviewed periodically/on a need basis by Department Heads, Directors, Board Committees, and Board Members, wherever applicable								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee	The status of compliance with all applicable statutory requirements is reviewed by the Department Heads/Director/Board on regular basis.								
Subject for Review	**Frequency (Annually/Half yearly/Quarterly/Any other - please specify)**								
Performance against above policies and follow up action Frequency (Annually/Half yearly/Quarterly/Any other - please specify)	The status of compliance with all applicable statutory requirements is reviewed by the Department Heads/Director/Board on regular basis.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances Frequency (Annually/Half yearly/Quarterly/Any other - please specify)	The status of compliance with all applicable statutory requirements is reviewed by the Department Heads/Director/Board on regular basis.								

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA								
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA								
It is planned to be done in the next financial year (Yes/No)	NA								
Any other reason (please specify)	NA								

SECTION C : PRINCIPLE-WISE PERFORMANCE DISCLOSURE

Principle 1 Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors BoD	1	9 Principles of BRSR	100
Key Managerial Personnel	1	9 Principles of BRSR	100
Employees Other than BoD and KMPs	11	9 Principles of BRSR	77
Workers	5	9 Principles of BRSR	75

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary				
NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (in ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/Fine				
NA	NA	0	NA	
Settlement				
NA	NA	0	NA	
Compounding fee				
NA	NA	0	NA	

Non-Monetary			
NGRBC principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment			
NA	NA	NA	
Punishment			
NA	NA	NA	

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case details	Name of the regulatory/enforcement agencies/judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy?

Yes

If yes, provide details in brief.

Yes, KNPL has a comprehensive Code of Conduct (CoC) that extends to its Group companies, outlining prohibited actions like deception, bribery, forgery, extortion, and corruption. The CoC is applicable to any misconduct involving employees in their dealings with any external entities. Fraud detection falls under the purview of both the Statutory Audit Committee and the Risk Management Committee.

Under the CoC Policy, specifically in the section on Misconduct and Embezzlement of Company Funds, the acceptance of illegal gratification is strictly prohibited. Any employee found guilty of accepting illegal gratification faces termination from employment. Thus, KNPL's CoC effectively addresses anti-corruption/anti-bribery practices.

Furthermore, the Company has implemented a separate Code of Conduct for Directors and senior management of Kansai Nerolac Paints Limited. This Code mandates that the BoD and senior management adhere to the highest ethical standards, acting with integrity and honesty at all times.

If available, provide a web-link to the policy.

https://www.nerolac.com/sustainability.html

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

NA

8. Number of days of accounts payables ((accounts payable *365)/cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of day of accounts payables	59	54

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics		FY 2023-24	FY 2022-23
Concentration of Purchases	a.	Purchases from trading houses as % of total purchases	11%	11%
	b.	Number of trading houses where purchases are made from	116	106
	c.	Purchases from top 10 trading houses as % of total purchases from trading houses	80	81
Concentration of sales	a.	Sales to dealers/distributors as % of total sales	55%	57%
	b.	Number of dealers/distributors to whom sales are made	33,000+	32,000+
	c.	Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	3.3%	3.1%
Share of RPTs in	a.	Purchases (Purchases with related parties/ Total Purchases)	0.48%	0.55%
	b.	Sales (Sales to related parties/Total Sales)	0.08%	0.15%
	c.	Loans & advances (Loans & advances given to related parties/Total loans & advances)	21.31%	NIL
	d.	Investments (Investments in related parties/ Total Investments made)	NIL	40.80%

LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Sr. no	Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	2	Training sessions on the BRSR Principles and BRSR Core were conducted to raise awareness.	-

KNPL invited over 250 suppliers to participate in training sessions focussing on sustainable business practices and NGRBC principles.

2. **Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No)**

Yes

If yes, provide details of the same.

Yes, KNPL has a Board-approved policy that outlines the framework for its Corporate Governance philosophy, applicable to Directors, Senior Management, and all employees. This policy addresses various aspects, including conflict of interest, corporate opportunities, confidentiality, related-party transactions, insider trading, compliance with laws, rules & regulations, protection and proper use of Company assets, fair dealing, and ethical business practices. Additionally, the Company has specific Code of Conduct for Directors and Senior Management personnel, and all the Directors and senior management personnel have confirmed compliance with the said code.

Weblink - https://www.nerolac.com/financial/policies.html

Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	8	10.63	For procurement and upgradation of assets for environmental monitoring, effluent treatment, water conservation, energy efficiency, harnessing renewable energy, emergency preparedness, testing of sustainable product development and safety equipment
Capex	6.6	11.2	

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes

   b. **If yes, what percentage of inputs were sourced sustainably?**

   Over 65% of KNPL's sourcing comes from manufacturers with formal sustainability programmes in place.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for**

   (a) Plastics (including packaging)

   KNPL safely recycles its plastic packaging by collecting post-consumer plastic from across India. This collected plastic waste is then reprocessed, recycled, or disposed of in compliance with the Plastic Waste Management rules.

   (b) E-waste

   Sent to authorised recyclers.

   (c) Hazardous waste

   Sent to authorised scrap dealers.

   (d) Other waste

   Sent to authorised scrap dealers.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No).**

   Yes

   If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?

   Yes

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

   Yes

   If yes, provide details in the following format.

NIC code	Name of product/service	% of total turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	If yes, provide the web-link
20221	Products from interior and exterior emulsions, enamels, construction chemicals, coil coating, powder coating, performance coating and auto refinish	-	Cradle to Grave	Yes	Yes	https://www.environdec.com/library

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

The study conducted for the LCA of selected products found no critical environmental concerns or impacts. The LCA results and interpretations were verified by the Environment Product Declarations (EPD) of India.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
TiO_2 dust (in MT)	11.99	16.3
Reclaimed solvent (in MT)	427	344
Powder fines (in MT)	136.2	169
Water base sludge (in MT)	135	113

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

In Metric Tonnes	FY 2023-24			FY 2022-23		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastics (including packaging)	0	12,068	0	0	7,421	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0

The recycled figures mentioned above align with the obligations of that financial year, as outlined in Principle 6.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Rigid plastic	100
Flexible plastic	100

Plastic waste as a part of Extended Producer Responsibility.

Principle 3 **Businesses should respect and promote the well-being of all employees, including those in their value chains**

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent employees											
Male	2,930	2,930	100	2,930	100	0	0	0	0	0	0
Female	138	138	100	138	100	138	100	0	0	76	55.07
Total	3,068	3,068	100	3,068	100	138	100	0	0	76	2.48
Other than permanent employees											
Male	2,080	2,080	100	2,080	100	0	0	0	0	0	0
Female	93	93	100	93	100	93	100	0	0	0	0
Total	2,173	2,173	100	2,173	100	93	100	0	0	0	0

1 b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent workers											
Male	711	711	100	711	100	0	0	0	0	0	0
Female	5	5	100	5	100	5	100	0	0	0	0
Total	716	716	100	716	100	5	100	0	0	0	0
Other than Permanent workers											
Male	3,894	3,894	100	3,894	100	0	0	0	0	0	0
Female	51	51	100	51	100	51	100	0	0	0	0
Total	3,945	3,945	100	3,945	100	51	100	0	0	0	0

1 c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format -

		FY 2023-24	FY 2022-23
c.	Cost incurred on well- being measures as a % of total revenue of the Company	0.30%	0.25%

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/NA)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/NA)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	0.3	5.1	Yes	0.64	2.64	Yes

3. **Accessibility of workplaces**

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

KNPL actively works to ensure that its workplaces and premises are accessible and friendly to differently abled individuals, in accordance with the Rights of Persons with Disabilities Act, 2016. All future workplaces will also prioritise accessibility for differently abled individuals. KNPL's new HO premises were found to be accessible as per the accessibility audit conducted in FY 2022-23.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016?**

Yes

If so, provide a web-link to the policy.

https://www.nerolac.com/sites/default/files/uploads/Policies/Code-of-Conduct-on-affirmative-action.pdf

5. **Return to work and retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	100.00	Employees who took parental leave have returned to work but have not yet completed 12 months since their return.	No women availed of parental leave.	
Others	-	-	-	-
Total	100.00	-	-	-

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker?**

Yes

If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)	Remark
Permanent workers	Yes	The Internal Complaints Committee (ICC) is available to address issues related to grievances/harassment (general/sexual). Complainants can approach any ICC member and all cases will be treated with the utmost confidentiality, ensuring no reprisals against the complainant. Contact details of ICC members are displayed on notice boards in key common areas of the organisation. KNPL also has a Whistle Blower Policy in place to report genuine concerns and grievances, providing adequate safeguards against victimisation of persons using the mechanism. Details regarding the implementation of the Whistle Blower Policy are separately disclosed in the Annual Report as part of the Corporate Governance section, and they are also available on the Company's website at: https://www.nerolac.com/financial/policies.html. Additionally, KNPL's plants and offices conduct various connect programmes with employees by HR where grievances can be raised.
Other than permanent workers	Yes	
Permanent employees	Yes	
Other than permanent employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total permanent employees	3,068	0	0.00	2,649	0	0.00
Male	2,930	0	0.00	2,546	0	0.00
Female	138	0	0.00	103	0	0.00
Others	0	0	0.00	0	0	0.00
Total permanent workers	716	665	92.88	730	681	93.29
Male	711	660	92.83	725	676	93.24
Female	5	5	100.00	5	5	100.00
Others	0	0	0.00	0	0	0.00

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On health & safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,930	2,437	83.17	2,104	71.81	2,546	2,249	88.33	1,819	71.45
Female	138	130	94.20	86	62.32	103	93	90.29	69	66.99
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Total	3,068	2,567	83.67	2,190	71.38	2,649	2,342	88.41	1,888	71.27
Workers										
Male	711	711	100.00	711	100.00	725	725	100.00	680	93.79
Female	5	5	100.00	5	100.00	5	5	100.00	5	100.00
Others	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Total	716	716	100.00	716	100.00	730	730	100.00	685	93.84

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	2,930	2,930	100.00	2,546	2,546	100.00
Female	138	138	100.00	103	103	100.00
Others	0	0	0.00	0	0	0.00
Total	3,068	3,068	100.00	2,649	2,649	100.00
Workers						
Male	711	711	100.00	725	725	100.00
Female	5	5	100.00	5	5	100.00
Others	0	0	0.00	0	0	0.00
Total	716	716	100.00	730	730	100.00

Workers undergo collective performance evaluations.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No).

Yes

If yes, the coverage such system?

Yes, KNPL adheres to an Occupational Health, Safety and Environment (OHS&E) Policy and management system that aligns with ISO 45001 standards. The system covers major facilities and workforce.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

To ensure safety, all operations and processes undergo thorough reviews to identify potential risks and hazards. This is accomplished through Process Hazard Analysis (PHA) and Hazard and Operability (HAZOP) studies. Furthermore, hazards and risks associated with each activity are documented in a Hazard Identification and Risk Assessment (HIRA) register.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, there are processes in place for workers to report any work-related hazards observed at the workplace. In the event of any work-related hazard being observed, it is reported to the section head and documented in the risk register. The SAP EHS module is used to notify the relevant function of risk and to record and track safety statistics. Also, the following initiatives were taken to neutralise such risks: periodic trainings and awareness sessions to build a 'Safety First' mindset and a dedicated focus on chemical safety; safety training at KIOSK & safety laboratories across all locations; and infrastructure upgrades to achieve the highest level of fire safety. Additionally, KNPL has implemented conscious programmes that aid employee engagement: horizontal deployment of CAPA, Poka-Yoke, Kaisen competitions, Six Sigma, and improvement projects.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes. Dedicated OHCs (Occupational Health Centres) and ambulances are available for emergency situations, catering to non-occupational medical requirements. Additionally, all employees, including the contractual workforce, undergo half-yearly medical check-ups.

11. Details of safety related incidents, in the following format:

Safety incident/number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

All the plants are certified for Occupational Health and Safety Management System based on ISO 45001.

Moreover, all plants have a Safety Committee and a structure for hazard identification and risk minimisation. Additionally, KNPL engages experts through safety audits to enhance safety measures, practices, and emergency preparedness.

13. Number of complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100
Working conditions	100

As per ISO 45001 Audit

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

Nil

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of

a. Employees (Y/N)

b. Workers (Y/N).

Yes

Employees' Group Insurance Policy (EGI): In the event of the demise of a permanent employee or worker, the family (nominee) of the deceased employee or worker will be financially supported by the policy. The EGI policy proposes an assured financial assistance as 'sum assured' which becomes applicable in the event of an unfortunate death of the employee or worker while in service and is payable to the grantees for the benefit of the beneficiary of the employee or worker.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

KNPL informs vendors about statutory changes that affect their responsibilities regarding tax deductions or withholdings for transactions with the Company.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/ fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes, In the event of retirement, KNPL as an organisation uses its retainership programme depending on case-by-case and the suitability of the position.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	-
Working conditions	-

6. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   NA

Principle 4 Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The Company has established systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across all businesses and units consistently and systematically. KNPL has mapped both its internal and external stakeholders and recognises that an effective engagement process is necessary for achieving its sustainable goal of inclusive growth.

   Internal Stakeholders: Business Partner (Kansai Paint Co., Ltd., Japan), Shareholders & Investors and Employees

   External Stakeholders: Customers, Suppliers, Community, Influencers, Government & Regulatory Bodies

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

   KNPL has identified and defined its engagement strategies, including the frequency of interactions with its stakeholders. For more information, please refer to the chapter on 'Staying Engaged with Our Stakeholders.'

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   By involving each stakeholder group in the consultation process, KNPL gathers a diverse range of perspectives on economic, environmental, and social issues and works towards creating sustainable and socially responsible business practices.

   1) Business Partners: Periodic reviews of ESG performance are conducted and long-term goals at the Group level are framed by business partners. These consultations allow business partners to provide feedback and suggestions on economic factors and relevant topics.

   2) Shareholders & Investors: KNPL values the input and feedback of its shareholders and investors. To foster effective consultation, the Company hosts annual general meetings and quarterly investor calls. These forums provide an opportunity for stakeholders to raise economic, environmental, and social concerns, and for the Board to address them accordingly.

   3) Customers: The Company conducts customer satisfaction surveys, encourages customer interactions through meetings and visits to its facilities, and maintains a presence on social media platforms. Through these channels, customers can provide feedback on economic factors, as well as environmental and social aspects, helping KNPL enhance its products and services accordingly.

   4) Employees: KNPL organises employee trainings, implements well-being initiatives, establishes connect programmes, and conducts satisfaction surveys to gain valuable insights and perspectives from its employees. These mechanisms allow employees to share their views on economic matters as well as environmental and social issues. Additionally, employees actively participate in corporate social responsibility (CSR) activities, contributing to the Company's overall sustainability efforts.

   5) Suppliers: KNPL acknowledges the importance of collaborating with its suppliers to promote sustainable practices throughout the supply chain. The Company conducts supplier training and awareness sessions to ensure alignment with its environmental and social objectives. Regular audits are performed to assess compliance, and meetings are held to discuss ongoing collaborations and address any concerns. Moreover, KNPL engages in collaborative projects with suppliers and implements supplier performance management systems to monitor progress and provide feedback on economic factors.

6) Community: KNPL acknowledges the significance of engaging with the local communities surrounding its plants. The Company actively seeks to understand the needs of these communities through consultations and dialogues. This engagement allows the Company to address economic, environmental, and social concerns specific to each community. Through its CSR initiatives, KNPL provides solutions that contribute to the local economy, promote environmental stewardship and support social well-being.

7) Influencers: KNPL connects with painters and contractors through painter meets, training workshops and loyalty programmes. The Company engages with architects and interior designers through exhibitions, conferences, seminars, and architect meets. Understanding their needs and preferences helps customise product offerings, increase brand visibility and drive innovation. Moreover, collaborating with these influencers not only improves brand reputation but also fosters market growth, resulting in enhanced customer satisfaction and loyalty.

8) Government & Regulatory Bodies: KNPL recognises the importance of engaging with Government & Regulatory bodies and complies with the standards and regulations they establish. These stakeholders play a crucial role in setting industry standards, regulations, and policies.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No).

Yes

If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is used to support the identification and management of environmental topics.

1) Business Partners: Aligned the materiality and sustainability targets with Kansai Paints, Japan.

2) Shareholders & Investors: The feedback from the shareholders has helped KNPL further strengthen its ESG disclosures and participation in leading ESG indices through its sustainability microsite, annual reports and investor presentations.

3) Customers: KNPL works on products with positive environmental impacts for today's environmentally conscious customers. The Company has developed sustainable low-VOC products that are lead- and heavy metal-free for the decorative segment. Also, for the Company's industrial segment, it constantly develops products that consume less energy and water and holds discussions with its suppliers about reducing value chain emissions.

4) Employees: Conducted multiple forums to involve employees through the monthly newsletter, training and awareness, key achievements, and ESG reviews.

5) Suppliers: Supplier feedback is used to introduce environmentally friendly raw materials and green raw materials.

6) Community: Various projects are undertaken after feedback from the communities. Initiatives like pond rejuvenation, women's empowerment, and livelihood intervention, among others.

7) Influencers: The Company undertakes skill enhancement training for painters with programmes like classroom training and mobile training academy.

8) Government & Regulatory Bodies: Keeping abreast of regulatory developments around ESG and demonstrating compliance through transparent reporting.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

KNPL participates in Corporate Social Responsibility (CSR) activities that promote social advancement, focussing on events that benefit the underprivileged and disadvantaged. Encouraging employee participation in CSR initiatives across the country also fosters a sense of societal duty on an individual level. The following are broad definitions for all programmes:

1) Livelihood & Skill Enhancement: Contributing to the socio-economic development of the nearby communities and imparting training to enhance their capacity and skill set with programmes like Classroom Training and Mobile Training Academy (Pragati Express)

2) Promoting Education: Collaborating with various educational institutes to promote education in rural areas. Major activities include the construction of classrooms, labs and the provision of necessary equipment and school accessories.

3) Rural/Community Development: Reaching out to the grassroot communities by providing basic facilities & amenities in the villages near the Company's plant/depot locations and working to provide basic infrastructure/facilities to the rural community residing in the nearby areas of the plants, in order to improve their basic living standards. The initiatives include the provision of bore wells, drinking water facilities, bus shelters, and community centres, among others.

4) Preventive Healthcare and Sanitation: Provision of basic health care & sanitation facilities to improve general health condition and sanitation of the communities KNPL operates in and organises health and awareness sessions and the provision of necessary sanitation facilities.

5) Ensuring Environmental Sustainability: Believing in responsible consumption of resources guides the Company's commitment to preserve natural resources and ensure a clean environment and implement watershed development projects like pond cleaning, desilting/deepening of the pond and overall pond restoration. Other activities include greenbelt development, tree platforms, parks and the construction of solar lights.

6) Restoration of Buildings & Sites of Historical Importance: Projects for conservation of the National Heritage sites, art & culture and promotion & development of traditional arts and handicrafts. Some of KNPL's projects include the painting of Ramlalla Sadan Devasthan, Ayodhya, and creating a platform that aims to bring alive the lost Indian art forms and help the tribal artists earn a livelihood.

Principle 5 Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Permanent Employees	3068	3,017	98.34	2,649	2,260	85.32
Permanent Workers	716	628	87.71	730	628	86.03

The Code of Conduct and Human Rights Policies apply to all employees and workers, including contractual staff.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	3,068	0	0	3,068	100	2,649	0	0	2,649	100
Male	2,930	0	0	2,930	100	2,546	0	0	2,546	100
Female	138	0	0	138	100	103	0	0	103	100
Others	0	0	0	0	0	0	0	0	0	0
Other than permanent	2,173	602	27.7	1,571	72.3	1,950	1,046	53.64	904	46.36
Male	2,080	596	28.65	1,484	71.35	1,843	978	53.07	865	46.93
Female	93	6	6.45	87	93.55	107	68	63.55	39	36.45
Others	0	0	0	0	0	0	0	0	0	0

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Workers										
Permanent	716	0	0	716	100	730	0	0	730	100
Male	711	0	0	711	100	725	0	0	725	100
Female	5	0	0	5	100	5	0	0	5	100
Others	0	0	0	0	0	0	0	0	0	0
Other than permanent	3,945	2,145	54.37	1,800	45.63	3,530	1,593	45.13	1,938	54.9
Male	3,894	2,122	54.49	1,772	45.51	3,529	1,593	45.14	1,937	54.89
Female	51	23	45.1	28	54.9	1	0	0	1	100
Others	0	0	0	0	0	0	0	0	0	0

3. **Details of remuneration/salary/wages, in the following format:**

a. **Median remuneration/wages:**

Benefits	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	6	₹ 50,25,000	1	₹ 45,75,000
Key Managerial Personnel	3	₹ 1,99,46,400	0	-
Employees other than BoD and KMP	2,927	₹ 8,46,840	138	₹ 6,98,426
Workers	711	₹ 7,17,725	5	₹ 4,47,736

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	3.1%	2.2 %

4. **Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, respective HR partners are responsible for addressing human rights and concerns raised by employees or workers. They play a crucial role in ensuring the workplace respects human rights and addresses employee concerns. Moreover, their duties include maintaining a safe and healthy work environment, promoting diversity and inclusion, and ensuring fair and respectful treatment of all employees. Additionally, we have an Internal Complaints Committee (ICC) for handling grievances related to sexual harassment.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

When employees or workers raise concerns regarding human rights, such as discrimination, harassment, or other violations of their rights, HR partners take these concerns seriously. They promptly or thoroughly investigate them, providing support and resources to employees who require assistance. Additionally, we have an Internal Complaints Committee (ICC) for handling grievances related to sexual harassment.

6. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	1	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child labour	0	0	NA	0	0	NA
Forced labour/involuntary labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	1	0
Complaints on POSH as a % of female employees/workers	0.70	0.00
Complaints on POSH upheld	1	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Any reported incident is treated as confidential information. Individuals mentioned in the report and accused of violating relevant principles or rules will not be informed of the report unless necessary for investigation purposes. Appropriate disciplinary action will be initiated against anyone who retaliates, directly or indirectly, against individuals reporting actual or suspected violations of organisational policies, rules, or regulations or assisting in investigations of such violations or suspected violations.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

KNPL understands the importance of promoting and safeguarding human rights across its value chain. The Company extends its Supplier Code of Conduct to its value chain partners and implements human rights into its business agreements as necessary. Additionally, this approach helps the Company convey its expectations to partners clearly regarding adherence to human rights standards.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/involuntary labour	100
Sexual harassment	100
Discrimination at workplace	100
Wages	100

Limited assurance was conducted by a third party: M/s Aneja Assurance Pvt. Ltd.

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

NA

LEADERSHIP INDICATORS

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/ complaints.**

   No process modifications or introductions have occurred.

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

   KNPL's scope for human rights due diligence conducted by a third party covered occupational health and safety, non-discrimination, freedom of association and collective bargaining, child labour, forced or compulsory labour and community engagement.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Currently, KNPL is committed to creating inclusive and accessible workplaces and premises for differently abled individuals, in compliance with the Rights of Persons with Disabilities Act, 2016. All future workplaces will be designed to accommodate differently abled individuals. The Company's new head office premises have been audited and confirmed to meet accessibility standards.

4. **Details on assessment of value chain partners:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	16 suppliers assessed
Forced/involuntary labour	-
Sexual harassment	-
Discrimination at workplace	-
Wages	-
Others - please specify	-

   KNPL has conducted audits on selected value chain partners in accordance with its supplier code of conduct.

5. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

   NA

Principle 6 Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Please specify unit	FY 2023-24	FY 2022-23
From renewable sources			
Total electricity consumption (A)	GJ	1,00,502	74,631
Total fuel consumption (B)	GJ	31,795	33,932
Energy consumption through other sources (C)	GJ	1,35,158	1,34,835
Total energy consumed from renewable sources (A+B+C)	GJ	2,67,456	2,43,398
From non-renewable sources			
Total electricity consumption (D)	GJ	1,75,152	1,80,990
Total fuel consumption (E)	GJ	99,124	76,356
Energy consumption through other sources (F)	GJ	0	0
Total energy consumed from non-renewable sources (D+E+F)	GJ	2,74,276	2,57,346

Parameter	Please specify unit	FY 2023-24	FY 2022-23
Total energy consumed (A+B+C+D+E+F)	GJ	5,41,732	5,00,744
Energy intensity per rupee of turnover (total energy consumed/ revenue from operations)	GJ/₹ Crores	73	71
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (total energy consumed/revenue from operations adjusted for PPP))	GJ		
Energy intensity in terms of physical output	GJ/KL	1.5	1.34

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any**

   NA

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	Please specify unit	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)			
(i) Surface water	KL	0	0
(ii) Groundwater	KL	1,28,228	1,22,168
(iii) Third party water	KL	2,96,907	3,09,756
(iv) Seawater/desalinated water	KL	0	0
(v) Others	KL	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	KL	4,25,135	4,31,924
Total volume of water consumption (in kilolitres)	KL	5,75,470	5,73,465
Water intensity per rupee of turnover (water consumed/ turnover)	KL/₹ Crores	78	81
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (total water consumption/revenue from operations adjusted for PPP)	KL		
Water intensity in terms of physical output*	KL	1.18	1.16

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

*Consists of water consumption, Manufacturing Facilities, HO and R&D

4. Provide the following details related to water discharged:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)			
(i) To surface water	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(ii) To groundwater	KL	0	0
- No treatment)	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iii) To seawater	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iv) third party water	KL	1,045	463
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	1,045	463
(v) Others	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
Total water discharged (in kilolitres)	KL	1,045	463

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

5. Has the entity implemented a mechanism for Zero Liquid Discharge?

Yes

If yes, provide details of its coverage and implementation.

KNPL has maintained Zero Liquid Discharge (ZLD) operations at its key manufacturing facilities, including Bawal, Hosur, Jainpur, Sayakha, Lote, Goindwal, and Marpol. The ZLD system involves effluent treatment through primary, secondary, and tertiary processes, followed by treatment in Multiple Effect Evaporators (MEE). The MEE condensates are recycled for process use and MEE salts/residue are sent for co-processing.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	*µg/m3*	22.2	20
SOx	µg/m3	14.2	13
Particulate matter (PM)	µg/m3	PM 2.5 : 37; PM 10 : 66	PM 2.5 : 35; PM 10 : 67
Persistent organic pollutants (POP)			NA
Volatile organic compounds (VOC)	ppm	11.7	-
Hazardous air pollutants (HAP)		NA	NA

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	TCO_2e	7,606	6,308
Total Scope 2 emissions (break-up of the GHG into CO_2, CH_4, N_2O, HFC_s, PFC_s, SF_6, NF_3, if available)	TCO_2e	42,356	40,707
Total Scope 1 and Scope 2 emissions per rupees of turnover (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations)	TCO_2e/₹ Crores	6.80	6.64
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (total Scope 1 and Scope 2 GHG emissions/ revenue from operations adjusted for PPP)			
Total Scope 1 and Scope 2 emission intensity in terms of physical output	TCO_2e/KL	0.14	0.13

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

Note - The changes in the numbers are due to changes suggested by SBTi in the Scope 1 and 2 emission calculations

8. Does the entity have any project related to reducing Green House Gas emission?

Yes

If yes, then provide details.

KNPL consistently takes proactive steps to reduce GHG emissions. Ongoing efforts include reducing emissions across Scope 1, Scope 2 and Scope 3 categories. Measures include increasing renewable power sources like solar and wind, as well as using alternative fuels with lower emissions for energy generation. Additionally, the Company has implemented energy efficient initiatives throughout its facilities. For more information, please refer to the Natural Capital Section of this Annual Report.

9. Provide details related to waste management by the entity, in the following format:

	Parameter	FY 2023-24	FY 2022-23
Total waste generated (in metric tonnes)			
Plastic waste (A)	MT	1081.40	1,037
E-waste (B)	MT	2	5
Bio-medical waste (C)	MT	0.10	0.07
Construction and demolition waste (D)	MT	0	0
Battery waste (E)	MT	12.70	1
Radioactive waste (F)	MT	0	0
Other hazardous waste. Please specify, if any. (G)	MT	4,895	2,398
Other non-hazardous waste generated (H). Please specify, if any. (break-up by composition i.e. by materials relevant to the sector)	MT	3,282	4,000
Total (A + B + C + D + E + F + G + H)	MT	9,274.30	7,441.07
Waste intensity per rupee of turnover (total waste generated/revenue from operations)	MT/₹ Crores	1.25	1.05
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (total waste generated/ revenue from operations adjusted for PPP)			
Waste intensity in terms of physical output	MT/KL	0.03	0.02

	Parameter	FY 2023-24	FY 2022-23
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)			
Category of waste			
(i) Recycled	MT	5,602	2,503
(ii) Re-used	MT	1,135	1,032
(iii) Other recovery operations	MT	716	511
Total	MT	7,453	4,046
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Category of waste			
(i) Incineration	MT	486	688
(ii) Landfilling	MT	25.2	48
(iii) Other disposal operations	MT	1,657	1,714
Total	MT	2,168	2,450

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt Ltd.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

KNPL is dedicated to efficient waste management within its operations and extends its commitment to safeguarding the environment from manufacturing waste. Embracing industry-leading practices, the Company prioritises waste minimisation, treatment, and safe disposal.

Key practices include:

a) Segregated storage of waste in designated areas across all plants

b) Methodical tracking of waste generation and disposal quantities

c) Ensuring disposal of waste at authorised Treatment, Storage, and Disposal Facilities (TSDFs) in compliance with statutory requirements

d) Implementing hazardous waste co-processing across all plants

e) Embracing the 3Rs principle - Reduce, Reuse, and Recycle - for effective waste management

Hazardous waste resulting from operations includes distillation residue, ETP sludge, paint sludge, dirty resin, contaminated barrels/tins, filter cartridges, and contaminated cotton waste

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

KNPL's operations/offices are not situated in or around ecologically sensitive areas.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

NA

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

Yes

If not, provide details of all such non-compliances, in the following format:

NA

LEADERSHIP INDICATORS

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

Water withdrawal, consumption and discharge in areas of water stress			
(i) Name of the area		Goindwal Sahib, Punjab and Bawal, Haryana	
(ii) Nature of operations		Manufacturing	
(iii) Water withdrawal, consumption, and discharge in the following format:		FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)
Parameter	Please specify unit		
Water withdrawal by source (in kilolitres)			
(i) Surface water	KL	0	0
(ii) Groundwater	KL	0	0
(iii) Third party water	KL	1,17,357	1,21,027
(iv) Seawater/desalinated water	KL	0	0
(v) Others	KL	0	0
Total volume of water withdrawal (in kilolitres)	KL	1,17,357	1,21,027
Total volume of water consumption (in kilolitres)	KL	1,43,702	1,50,606
Water intensity per rupee of turnover (water consumed/ turnover)	KL/₹ Crores	19.5	21.3*
Water intensity in terms of physical output	KL/KL	1.25	1.29
Water discharge by destination and level of treatment (in kilolitres)			
(i) Into surface water	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(ii) Into groundwater	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iii) Into seawater	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(iv) third party water	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
(v) Others	KL	0	0
- No treatment	KL	0	0
- With treatment - please specify level of treatment	KL	0	0
Total water discharged (in kilolitres)	KL	0	0

* corrected the water intensity

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt. Ltd.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	TCO_2e	9,69,212	8,71,760
Total Scope 3 emissions per rupee of turnover	TCO_2e/₹ Crores	131	123
Total Scope 3 emission intensity (optional) - (Physical Output)	TCO_2e/KL	2.7	2.3

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

If yes, name of the external agency.

Limited assurance was conducted by M/s Aneja Assurance Pvt Ltd.

Note - The changes in the numbers are due to changes suggested by SBTi in the Scope 3 emission calculations and consists of only emissions from Mandatory categories

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

This does not apply, as none of KNPL's operations or offices are located in or near ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. no.	Initiative undertaken	Outcome of the initiative
1	Reduction in number of baking cycle	Energy conservation
2	Enhanced durability	High UV resistance and long life
3	Low bake monocoat	Energy conservation, higher productivity
4	Liquid-to-powder	Low VOC and higher durability

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

To ensure business continuity, minimise the impact of disasters, and expedite recovery, KNPL has established a comprehensive policy and framework for managing critical activities during such events. Each manufacturing unit, R&D centre, head office, depot/regional distribution centre and regional office has a designated plan in place for managing these events. This plan addresses the potential interruption of business due to disaster events or high impact risks. Initially, the Company implements a containment strategy to mitigate the event's impact, followed by a business continuity strategy to ensure continuity of operations under adverse circumstances. Additionally, KNPL has established a clear hierarchy of authority and responsibility in the event of such occurrences.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Currently, KNPL has not monitored the environmental impacts arising from its value chain.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Currently, KNPL has not monitored the environmental impacts arising from its value chain.

Principle 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers/associations.**

   8

   b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.**

S. no.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Bombay Chamber of Commerce	National
2	Maharashtra Economic Development Council	State
3	The Indian Paint Association	National
4	Bombay Management Association	National
5	Indian Chemical Council	National
6	The Advertising Standards Council of India (ASCI)	National
7	Paint India (Colour Publications)	National
8	Employers Federation of India	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Nil	There were no reported cases of anti-competitive conduct by KNPL in FY 2023-24.	-

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

   KNPL's 'Advocacy of Public & Regulatory Policy' initiative offers insights on issues relevant to both business and society at large. Through trade and industry chambers, KNPL advocates for policies concerning the paint industry. The Company collaborates with industry associations like the Indian Paints Association and the Confederation of Indian Industries, among others. Moreover, specific officials within KNPL are authorised to communicate with industrial bodies and manage government affairs in accordance with the Company's Communication Policy.

Principle 8 Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   NA

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

   NA

3. **Describe the mechanisms to receive and redress grievances of the community.**

   All KNPL's plants are located in rural areas, where nearby communities raise concerns to the Panchayats and Government authorities. These authorities collaborate with the Company to address community grievances. Subsequently, the highlighted issues are addressed by the Company's plant team through projects in the respective areas.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/small producers	16	16
Directly from within India	72	70

   KNPL prioritises sourcing input materials from suppliers within the local community. However, specialty chemicals, which might not be available locally, could require procurement from buyers outside the local vicinity.

5. **Job creation in smaller towns**

   Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24	FY 2022-23
Rural	16	16
Semi-urban	11	12
Urban	14	15
Metropolitan	59	57

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   NA

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. no.	State	Aspirational district	Amount spent (in ₹)*
1	Andhra Pradesh	Y.S.R. Kadapa	35,000
2	Bihar	Aurangabad	56,750
3	Bihar	Gaya	2,40,000
4	Bihar	Khagaria	1,50,000
5	Bihar	Muzaffarpur	5,64,750
6	Bihar	Nawada	1,53,500
7	Bihar	Purnia	24,2250
8	Bihar	Sitamarhi	1,27,500
9	Chhattisgarh	Korba	57,500
10	Chhattisgarh	Rajnandgaon	85,000
11	Jammu & Kashmir	Baramulla	2,30,500
12	Jammu & Kashmir	Kupwara	79,000
13	Jharkhand	Bokaro	55,250
14	Jharkhand	Giridih	61,250
15	Jharkhand	Pashchimi Singhbhum	50,000
16	Jharkhand	Ranchi	1,82,000

S. no.	State	Aspirational district	Amount spent (in ₹)*
17	Kerala	Wayanad	27,500
18	Madhya Pradesh	Barwani	47,750
19	Madhya Pradesh	Chhatarpur	44,750
20	Madhya Pradesh	Guna	1,00,000
21	Madhya Pradesh	Singrauli	85,000
22	Madhya Pradesh	Vidisha	76,000
23	Maharashtra	Washim	42,500
24	Orissa	Dhenkanal	59,000
25	Punjab	Firozpur	1,97,500
26	Punjab	Moga	32,750
27	Uttar Pradesh	Bahraich	42,500
28	Uttar Pradesh	Siddharthnagar	97,750
29	Uttarakhand	Haridwar	1,47,500

* Estimated

3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)**

   No

   (b) From which marginalised/vulnerable groups do you procure?

   NA

   (c) What percentage of total procurement (by value) does it constitute?

   NA

   Currently, there is no preferential procurement policy in place. However, KNPL does not discriminate against any groups when sourcing, We use various factors like quality, service, technical competence and price to select vendors

4. **Details of beneficiaries of CSR Projects:**

   The Annual Report includes details of CSR activities undertaken by KNPL during the financial year ending on 31st March, 2024. This information can be found in Annexure 1 of the Board's Report, which is an integral part of this Annual Report.

Principle 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   KNPL is firm in delivering top-notch products and services, while prioritising consumer safety. Technical and production teams collaborate diligently to address any consumer concerns, with the support of teams from Kansai Paint Co., Limited, Japan, if necessary. The Company provides dedicated technical sales service personnel stationed at customer lines for automotive and certain Industrial Original Equipment Manufacturer (OEM) clients, ensuring smooth product operation. These personnel offer 24/7 support and engage in value analysis and engineering activities.

   All customer product complaints are thoroughly recorded in the IT system with unique reference numbers and tracked until resolution, adhering to internal timeline norms. Batch-managed products undergo root-cause analysis when issues arise. Additionally, KNPL extends its stringent quality control measures to suppliers, ensuring consistent quality standards.

   Moreover, a dedicated consumer helpline, 1800-209-2092, allows consumers to report issues, which are then tracked until resolution. Furthermore, dealers can communicate grievances to the Company for prompt resolution.

2. **Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100
Safe and responsible usage	100
Recycling and/or safe disposal	100

KNPL ensures comprehensive disclosure of product information to consumers, promoting safe and responsible usage. Directions for use, environmental parameters, and disposal instructions are provided on product packaging, aiding consumer awareness.

Additionally, product information, including description, performance features, application instructions, and safety precautions, is available on Product Data Sheets and Material Safety Data Sheets (MSDS), accessible to customers via the Company's website and directly. This multi-channel approach ensures consumers are well-informed about product usage and safety measures.

3. **Number of consumer complaints in respect of the following:**

	FY 2023-24 (Current financial year)			FY 2022-23 (Previous financial year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	NA	NA	NA	NA	NA	-
Restrictive trade practices	0	0	-	0	0	-
Unfair trade practices	0	0	-	0	0	-
Others*	836	24		761	6	-

**Customer complaints (Reference Section A - Table on complaints and grievances on any of the principles)*

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No)**

Yes

If available, provide a web-link of the policy.

https://www.nerolac.com/financial/policies.html

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

No corrective action is needed regarding advertising issues, delivery of essential services, or product recall instances, as no cases have been filed against the organisation.

However, in response to 1 cybersecurity incident during the reporting year, KNPL has strengthened its cybersecurity measures to fortify its IT landscape stronger and resilient.

7. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact**

      1

   b. **Percentage of data breaches involving personally identifiable information of customers**

      No significant or appropriate action has been taken.

   c. **Impact, if any, of the data breaches**

      The Group Management believes there is no material impact on the operations.

LEADERSHIP INDICATORS

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   All necessary information about KNPL's products and services is available and accessible on its website, https://www.nerolac.com/. This information is consistently updated on the platform. Additionally, the Company provides various digital product posts on its social media handles, such as Facebook, YouTube, Instagram, Twitter, and LinkedIn, to engage with customers.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Product information, including descriptions, performance features, benefits, applications, usage precautions, and technical data, is accessible via the product data sheet and the MSDS (Material Safety Data Sheet). Customers can access these details either through the Company's website or directly, and they are also provided on the product packaging. Furthermore, this comprehensive approach ensures that consumers are adequately informed about the safe and responsible usage of KNPL's products and services.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   The Company has established a comprehensive framework, including a Business Continuity Plan, Risk Management Policy, Mitigation Plan and a Review Mechanism to address any unforeseen disruptions in the supply chain or service delivery to its customers. Additionally, KNPL maintains regular communication with its customers (OEMs and dealers, among others) to promptly notify them in case of disruptions to products or services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not applicable) Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes

   If yes, provide details in brief.

   KNPL ensures that all its products display the required information as per legal regulations. In addition to mandated details, the Company goes beyond legal requirements by providing extra information. This includes directions for use, environmental considerations related to the product, guidance on safe and responsible usage, and instructions for proper disposal.

   KNPL regularly engages with customers to gather feedback on products and assess their satisfaction levels. This engagement encompasses various methods like brand tracking, customer meetings, satisfaction surveys, and product training sessions conducted at the customer's end. Surveys are conducted specifically for major business lines to gather insights directly from customers. Utilising this feedback, KNPL initiates and monitors various measures aimed at enhancing overall customer satisfaction levels.

For and on behalf of the Board
Anuj Jain
Managing Director

Mumbai, 4th May, 2024

Independent Auditor's Report

To the Members of Kansai Nerolac Paints Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kansai Nerolac Paints Limited ("the Company"), which comprise the Balance sheet as at March 31 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	**How our audit addressed the key audit matter**
Revenue recognition on sale of goods (as described in note 28 of the standalone financial statements)	

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives and returns, if any, ('variable consideration') as specified in the contracts with the customers.
 	
An estimate of variable consideration payable to the customers is recorded as at the year-end. Such estimation is done based on the terms of contracts, rebates and discounts schemes and historical experience.
 	
We identified estimation of variable consideration as a key audit matter because the Company's management exercises judgment in calculating the said variable consideration.
	Our audit procedures included, amongst others:
	• We read and evaluated the Company's policies for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers';
	• We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls related to sales including variable consideration;
	• We performed the following tests for a sample of transactions relating to variable consideration:
	  • Read the terms of contract including rebates and discounts schemes as approved by authorized personnel.
	  • Assessed computation of variable consideration by comparing it with the budget, schemes, past trends and evaluated the reasons for deviation, if any.
	• We read and assessed the relevant disclosures made within the standalone financial statements.

Independent Auditor's Report (Continued)

Key audit matters	How our audit addressed the key audit matter
Assessment of impairment of investments in subsidiaries (as described in note 7 of the standalone financial statements)	
The carrying values of the Company's investments in subsidiaries, including corporate guarantees provided by the Company to the lenders of its subsidiaries, are assessed annually by management for potential indicators of impairment. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments and guarantees to their recoverable amount to determine whether an impairment was required. For the above impairment testing, management has determined the value in use and the fair value less cost to sell as applicable. Value in use has been determined by forecasting and discounting future cash flows. The determination of value in use requires management to make estimates and judgments in respect of projected sales volume, margins, terminal growth rates and discount rates. We identified the assessment of potential impairment of investments including corporate guarantees as a key audit matter because impairment assessment involves significant degree of management judgement in determining the key assumptions and forecasting future cash flows.	Our audit procedures included, amongst others: • We evaluated the key judgements / assumptions underlying management's assessment of potential indicators of impairment; • Where potential indicators of impairment were identified, we evaluated management's impairment assessment and assumptions around the key drivers of the cash flow forecasts, discount rates, expected growth rates and terminal growth rates by comparison with available financial information including considerations of the economic conditions and audited financial statements of the subsidiaries; • We compared the forecast of future cash flows to business plan considering economic conditions and previous forecasts to the actual results; • We performed sensitivity analysis to determine the impact of changes in current and estimated future uncertain economic conditions and key assumptions, both individually and in aggregate; • We involved our valuation specialists to assist in evaluating the key assumptions and methodology used by the Company in computing the recoverable amount; • We read and assessed the relevant disclosures made within the standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph (vi) below on reporting under Rule 11(g);
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

Independent Auditor's Report (Continued)

(e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (vi) below on reporting under Rule 11(g);

(g) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 36 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. a) The management has represented that, to the best of its knowledge and belief, and as disclosed in note 48 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, and as disclosed in note 48 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 19 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company has used two accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in case of one software, audit trail feature is not enabled for direct changes to data when using certain access rights, as described in note 49 to the standalone financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting softwares.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership Number: 110759
UDIN: 24110759BKEBAJ1964

Place of Signature: Mumbai
Date: May 04, 2024

Annexure 1 Independent Auditor's Report

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Kansai Nerolac Paints Limited ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment have not been physically verified during the year by the management, but there is a planned programme of verifying them once in three years, which is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 2 to the standalone financial statements included in property, plant and equipment are held in the name of the Company. The title deeds of the immovable properties, in the nature of leasehold land disclosed in note 4 to the standalone financial statements included in Right of use assets (ROU), as indicated in the below mentioned case which was acquired pursuant to a Scheme of Amalgamation approved by National Company Law Tribunal (NCLT), is not individually held in the name of the Company.

Description of Property	Gross carrying value (₹ In Crores)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company
Leasehold land at Vapi	0.12	Perma Construction Aids Private Limited	No	Less than 3 years	The said land was acquired pursuant to a scheme of amalgamation and continue to be registered in the name of amalgamating Company. However, the deed of merger has been registered by the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2024 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

Annexure 1 Independent Auditor's Report (Continued)

(iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies as follows:

(₹ in Crores)

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted / provided / renewed during the year				
– Subsidiaries	84.28	—	53.00	—
Balance outstanding as at balance sheet date in respect of above cases				
– Subsidiaries	102.85	—	53.00	—

During the year the Company has not provided loans, advances in the nature of loans, stood guarantee and provided security to firms, Limited Liability Partnerships or any other parties.

(b) During the year the Company has not provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order whether the security given and the terms and conditions of the grant of advances in the nature of loans is not applicable to the Company. During the year, the investments made and the terms and conditions of all loans, investments and guarantees provided to companies are not prejudicial to the Company's interest.

(c) The Company has granted loan during the year to a company where the schedule of repayment of principal and payment of interest has been stipulated. There was no repayment of principal or interest due during the year. The Company has not granted loans and advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

(d) There is no amount of loan granted to a company which is overdue for more than ninety days. The Company has not granted loans or advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

(e) There is no loan granted to a company which had fallen due during the year. There were no loans or advance in the nature of loan granted to firms, Limited Liability Partnerships or any other parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) Loan and guarantees in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company. There are no investments and securities given during the year in respect of which provisions of section 185 and 186 of the Act are applicable.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of paints, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute, are as follows:

Annexure 1 Independent Auditor's Report (Continued)

Name of the statute	Nature of the dues	Amount unpaid* (₹ Crores)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Tax, Penalty and Interest	0.19	2000-01	Commissioner (Appeals)
		0.17	2014-15	CESTAT
Sales Tax and Value Added Tax Act	Tax, Penalty and Interest	6.07	1980-81, 1991-92, 2007-08 to 2011-12 and 2014-15	Assistant Commissioner
		44.86	1991-92, 1995-96, 2001-02, 2004-05 to 2006-07, 2009-10 to 2015-16 and 2017-18	Deputy Commissioner
		1.50	1996-97, 2004-05, 2008-09, 2009-10, 2011-12	Additional Commissioner
		21.12	2001-02, 2003-04, 2005-06, 2012-13, 2015-16, 2017-18	Joint Commissioner
		2.45	2005-06, 2008-09, 2009-10, 2015-16, 2016-17	Senior Additional Commissioner (Revision Board)
		0.05	2002-03	Joint Commissioner (Appeals)
		0.03	2006-07	Commissioner
		0.58	2014-15	Senior Additional Commissioner
The Finance Act, 1994	Tax, Penalty and Interest	9.91	2009-10, 2012-13 to 2017-18	CESTAT
		0.03	2016-17	Commissioner (Appeals)
Goods and Service Tax Act	Tax, Penalty and Interest	7.80	2017-18 and 2018-19	Assistant Commissioner
		0.37	2017-18	Superintendent
		93.34	2017-18 and 2018-19	Deputy Commissioner
		26.96	2017-18 to 2021-22	Joint Commissioner
		0.23	2017-18	Excise and Taxation officer
		0.02	2017-18	State tax officer
Professional Tax	Tax, Penalty and Interest	0.09	2018-19	Assistant Commissioner

* Net of amount paid under protest

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associate or joint venture.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any associate or joint venture. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

Annexure 1 Independent Auditor's Report (Continued)

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 49 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 41(c) to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 41(d) to the standalone financial statements.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership Number: 110759
UDIN: 24110759BKEBAJ1964

Place of Signature: Mumbai
Date: May 04, 2024

Annexure 2 Independent Auditor's Report

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Kansai Nerolac Paints Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Kansai Nerolac Paints Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 2 Independent Auditor's Report (Continued)

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership Number: 110759
UDIN: 24110759BKEBAJ1964

Place of Signature: Mumbai
Date: May 04, 2024

Standalone Balance Sheet as at 31st March 2024

₹ in Crores

	Note	As at 31st March, 2024		As at 31st March, 2023	
ASSETS					
Non-current Assets					
Property, Plant and Equipment	2	**1866.62**		1812.96	
Capital Work-in-progress	3	**148.06**		112.62	
Right of Use Assets (ROU)	4	**199.72**		172.95	
Investment Property	5	**0.12**		0.13	
Goodwill		**0.20**		0.20	
Other Intangible Assets	6	**7.10**		8.70	
Intangible assets under development	3A	**3.55**		—	
			2225.37		2107.56
Financial Assets:					
Investments	7	**136.39**		154.90	
Other Financial Assets	8	**19.90**		16.63	
			156.29		171.53
Non-current Tax Assets (Net)			**150.49**		145.63
Other Non-current Assets	9		**114.50**		88.29
Total Non-current Assets			**2646.65**		2513.01
Current Assets					
Inventories	10		**1616.04**		1648.02
Financial Assets:					
Investments	11	**1322.90**		498.13	
Trade Receivables	12	**1215.25**		1117.15	
Cash and Cash Equivalents	13	**162.37**		90.22	
Bank Balances other than Cash and Cash Equivalents	14	**67.27**		4.52	
Loans	15	**53.00**		—	
Other Financial Assets	16	**9.55**		11.72	
			2830.34		1721.74
Other Current Assets	17		**131.72**		192.31
Total Current Assets			**4578.10**		3562.07
Asset held for sale	5A		**0.05**		0.05
Total Assets			**7224.80**		6075.13
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	18	**80.84**		53.89	
Other Equity	19	**5572.28**		4553.49	
Total Equity			**5653.12**		4607.38
Liabilities					
Non-current Liabilities					
Financial Liabilities:					
Lease Liabilities	20	**119.54**		93.78	
Provisions	21	**20.56**		21.13	
Deferred Tax Liabilities (Net)	22	**117.07**		102.25	
Total Non-current Liabilities			**257.17**		217.16
Current Liabilities					
Financial Liabilities:					
Lease Liabilities	23	**29.11**		25.49	
Trade Payables	24				
Total Outstanding dues of Micro Enterprises and Small Enterprises		**78.42**		88.55	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**945.82**		848.96	
		1024.24		937.51	
Other Financial Liabilities	25	**85.36**		68.32	
		1138.71		1031.32	
Other Current Liabilities	26	**144.57**		198.38	
Provisions	27	**31.23**		20.89	
Total Current Liabilities			**1314.51**		1250.59
Total Liabilities			**1571.68**		1467.75
Total Equity and Liabilities			**7224.80**		6075.13
Material Accounting Policies	1				

The notes referred to above form an integral part of Standalone Financial Statements

As per our attached report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Standalone Statement of Profit and Loss for the year ended 31st March 2024

₹ in Crores

	Note	Year ended 31st March, 2024		Year ended 31st March, 2023	
Income					
Revenue from Operations	28		**7393.30**		7081.02
Other Income	29		**93.11**		30.83
Total Income			**7486.41**		7111.85
Expenses					
Cost of Materials Consumed	30	**4287.76**		4595.16	
Purchases of Stock-in-trade		**483.72**		466.56	
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	31	**(1.75)**		(106.38)	
Employee Benefits Expense	32	**401.76**		333.84	
Finance Cost	33	**12.46**		9.73	
Depreciation and Amortisation Expenses	34	**179.96**		164.63	
Other Expenses	35	**1198.93**		997.95	
Total Expenses			**6562.84**		6461.49
Profit Before Exceptional Items and Tax			**923.57**		650.36
Exceptional Items	47		**642.25**		—
Profit Before Tax			**1565.82**		650.36
Tax Expense					
Current Tax	22	**366.86**		159.71	
Adjustment of tax relating to earlier periods	22	**—**		(2.43)	
Deferred Tax	22	**16.09**		6.65	
Total Tax Expense			**382.95**		163.93
Profit for the Year			**1182.87**		486.43
Other Comprehensive Income					
(i) Items that will not be reclassified to Standalone Statement of Profit and Loss					
(a) Remeasurement of Defined Benefit Liability		**(5.04)**		0.21	
(b) Income tax relating to items that will not be reclassified to Standalone Statement of Profit and Loss		**1.27**		(0.05)	
Total Other Comprehensive Income (net of taxes)			**(3.77)**		0.16
Total Comprehensive Income for the Year			**1179.10**		486.59
Earnings per Share (Face Value of ₹ 1 each):	37				
Basic (in ₹)			**14.63**		6.02
Diluted (in ₹)			**14.62**		6.02
Material Accounting Policies	1				

The notes referred to above form an integral part of Standalone Financial Statements

As per our attached report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Standalone Statement of Changes in Equity

for the year ended 31st March, 2024

A. Equity Share Capital

₹ in Crores

Balance as at 1st April, 2022	**53.89**
Changes in Equity Share Capital during 2022-2023	—
Balance as at the 31st March, 2023	**53.89**
Changes in Equity Share Capital during 2023-2024	26.95
Balance as at the 31st March, 2024	**80.84**

B. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2023	**0.30**	**12.56**	**487.67**	**4049.21**	**3.75**	**4553.49**
Profit for the Year	—	—	—	**1182.87**	—	**1182.87**
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.04)	—	(5.04)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	1.27
Total Other Comprehensive Income for the Year, net of tax	—	—	—	**(3.77)**	—	**(3.77)**
Total Comprehensive Income for the Year	—	—	—	**1179.10**	—	**1179.10**
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(145.51)	—	(145.51)
Share based payment expense	—	—	—	—	**12.15**	**12.15**
Issue of Bonus Shares	—	**(12.56)**	**(14.39)**	—	—	**(26.95)**
	—	**(12.56)**	**(14.39)**	**(145.51)**	**12.15**	**(160.31)**
Balance as at the 31st March, 2024	**0.30**	—	**473.28**	**5082.80**	**15.90**	**5572.28**

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2022	0.30	12.56	487.67	3616.51	—	4117.04
Profit for the year	—	—	—	486.43	—	486.43
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	0.21	—	0.21
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.05)	—	(0.05)
Total Other Comprehensive Income for the Year, net of tax	—	—	—	0.16	—	0.16
Total Comprehensive Income for the Year	—	—	—	486.59	—	486.59
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(53.89)	—	(53.89)
Share based payment	—	—	—	—	3.75	3.75
				(53.89)	3.75	(50.14)
Balance as at 31st March, 2023	0.30	12.56	487.67	4049.21	3.75	4553.49

As per our attached report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
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Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Standalone Statement of Cash Flow

for the year ended 31st March, 2024

₹ in Crores

Particulars	Year ended 31st March, 2024		Year ended 31st March, 2023	
Cash Flow from Operating Activities				
Profit Before Tax		1565.82		650.36
Adjustments for:				
Depreciation and Amortisation Expenses	179.96		164.63	
Fair Value Gain on Financial Instruments recognised through FVTPL	(24.60)		(6.54)	
Unrealised Foreign Exchange Gain (Net)	(1.63)		(1.11)	
Profit on Sale of Current Investments (Net)	(41.03)		(7.32)	
Interest Income	(3.42)		(1.32)	
Dividend Income	(1.14)		(2.79)	
Profit on Sale of Property, Plant and Equipment (Net)	(0.27)		(0.22)	
Finance Cost	12.46		9.73	
Impairment loss allowance on trade receivables	3.29		0.51	
Share based payment expense	12.15		3.75	
Gain from closure of lease liability	(2.18)		(0.73)	
Profit on Sale of Asset held for sale	(661.25)		—	
Impairment of non-current investment	19.00		—	
Provision / liabilities no longer required written back	—		(0.66)	
		(508.66)		157.93
Operating Profit Before Working Capital Changes		1057.16		808.29
(Increase) in Trade and Other Receivables	(55.27)		(203.52)	
Decrease/(Increase) in Inventories	31.98		(116.48)	
Increase in Trade Payables, Other Financial Liabilities and Provisions	91.52		73.61	
		68.23		(246.39)
Cash Generated from Operations		1125.39		561.90
Direct Taxes Paid (Net of Refunds)		(230.30)		(175.71)
Net Cash Flows generated from Operating Activities		895.09		386.19
Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and Other Intangible Assets (including Adjustments on Account of Capital Work-in-progress, Capital Creditors and Capital Advances)	(232.57)		(111.30)	
Proceeds from Sale of Property, Plant and Equipment	0.36		0.81	
Proceeds from Sale of Asset held for sale	499.14		—	
Tax paid on Sale of Asset held for sale	(141.42)		—	
Advance received against Sale of Investment Property	109.89		162.11	
Purchase of Investments in Subsidiaries	—		(61.89)	
Purchase of non-current Investments	(0.49)		(2.14)	
Purchase of Current Investments	(5157.50)		(2782.50)	
Proceeds from Sale/Redemption of Current Investments	4398.36		2507.69	
Interest Received	3.42		1.32	
Dividend Received	1.14		2.79	
Proceeds from/(Investments in) fixed deposits	(62.96)		9.57	
Loan given to subsidiary company	(53.00)		—	
Net Cash Flows (used in) from Investing Activities		(635.63)		(273.54)

Standalone Statement of Cash Flow

for the year ended 31st March, 2024 (contd.)

₹ in Crores

Particulars	Year ended 31st March, 2024		Year ended 31st March, 2023	
Cash Flows from Financing Activities				
Payment of Lease Liabilities	**(41.80)**		(34.98)	
Dividend Paid	**(145.51)**		(53.89)	
Net Cash Flows (used in) Financing Activities		**(187.31)**		(88.87)
Net Increase in Cash and Cash Equivalents		**72.15**		23.78
Cash and Cash Equivalents at beginning of the period, the components being: (Refer Note 13)				
Cash on Hand	**0.06**		0.08	
Cheques on hand	**22.38**		23.34	
Balances with Banks	**61.80**		42.04	
Deposit with Banks with less than 3 months maturity	**5.00**		—	
Effect of exchange rate fluctuation	**0.98**		0.98	
		90.22		66.44
Cash and Cash Equivalents at end of the period, the components being: (Refer Note 13)				
Cash on Hand	**0.08**		0.06	
Cheques on hand	**25.75**		22.38	
Balances with Banks	**135.56**		61.80	
Deposit with Banks with less than 3 months maturity	**—**		5.00	
Effect of exchange rate fluctuation	**0.98**		0.98	
		162.37		90.22
Net Increase as disclosed above		**72.15**		23.78

Notes:

(i) Figures in brackets are outflows/deductions.

(ii) The above Cash Flow Statement is prepared under the “Indirect Method” as set out in the Indian Accounting Standards (Ind AS-7) – Statement of Cash Flows

(iii) Total amount of taxes paid amounts to ₹ 371.72 Crores during the year ended 31 March 2024 out of which ₹ 230.30 Crores pertains to tax cash flow from operating activities and balance amount of ₹ 141.42 Crores pertains to tax cash flow from investing activities.

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

A. Corporate Information

Kansai Nerolac Paints Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The registered office of the Company is located at 28th Floor, A-Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai - 400 013, Maharashtra. The Company is principally engaged in the manufacturing of Paints.

Kansai Paint Co., Ltd., Japan is immediate and ultimate holding company of Kansai Nerolac Paints Limited and is based and listed in Japan. Financial Statements of Kansai Paints Co. Ltd. are available in public domain.

The Standalone Financial Statements for the year ended 31st March, 2024 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 4th May, 2024.

B. Basis of Preparation

1. Statement of compliance

The Standalone Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time.

Details of the Company's Accounting Policies are included in Note 1.

2. Functional and Presentation currency

The Standalone Financial Statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

3. Basis of measurement

The Standalone Financial Statements have been prepared on the historical cost basis except for investments in mutual funds, non-trade equity shares, bonds and provision for employee defined benefit plans, which are measured at fair values at the end of each reporting period.

4. Use of estimates and judgements

Critical accounting judgments and key sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's defined benefit obligation.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingences and Commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

(ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful Lives of Property, Plant and Equipment

As described in Note 1(3)(c), the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Impairment loss allowance on trade receivables

The Company makes loss allowances for credit impaired debts based on an assessment of the recoverability of trade and other receivables. The identification of credit impaired debts enquires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and credit impaired debts expenses in the period in which such estimate has been changed.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

B. Basis of Preparation (contd.)

4. Use of estimates and judgements (contd.)

Allowances for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Impairment of Investments in Subsidiaries

The carrying amount of the Company's investments in subsidiaries including corporate guarantees provided by the Company to the lenders of its subsidiaries are assessed at the end of each reporting date to determine whether there are any potential indicators of impairment. If any such indication exists, then the Company estimates the recoverable amount of such investments. The determination of recoverable amounts of the Company's investments in subsidiaries involves significant judgements. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount includes projected sales volume, estimated long-term growth rates, weighted average cost of capital, estimated operating margins, etc.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Defined Benefit Plans

The costs and present value of the defined benefit gratuity plan and other long-term employee benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of appropriate discount rate, salary escalation rate, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, defined benefit plans are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and the same are disclosed in Note 39, 'Employee benefits'.

Note 1: Material Accounting Policies

1. Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either Current or Non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:
   (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
   (ii) it is held primarily for the purpose of being traded;
   (iii) it is expected to be realised within twelve months after the reporting date; or
   (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:
   (i) it is expected to be settled in the Company's normal operating cycle;
   (ii) it is held primarily for the purpose of being traded;
   (iii) it is due to be settled within twelve months after the reporting date; or
   (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(d) All liabilities other than current liabilities shall be classified as non-current.

2. Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3. Property, Plant and Equipment

(a) Recognition and Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost and then carried at the cost less accumulated depreciation and accumulated impairment, if any.

The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of property, plant and equipment.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

3. Property, Plant and Equipment (contd.)

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of property, plant and equipment till it is ready for use, the manner in which intended by management.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(c) Depreciation

The depreciable amount of an item of Property, Plant and Equipment is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the Standalone Statement of Profit and Loss unless it is included in the carrying amount of another asset.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Company
Buildings	30-60	30-60
Plant and Equipments	10-20	10-25
Furniture and Fixtures	10	10
Vehicles	10	10
Office Equipments	5	5
Computers	3-6	3-6
Assets for Scientific Research	10-20	20
Assets on Operating Lease	NA	5

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Depreciation charge for the year is displayed as depreciation on the face of Standalone Statement of Profit and Loss.

(d) Disposal

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Standalone Statement of Profit and Loss when the item is derecognised.

4. Investment Property

(a) Recognition and Measurement

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An investment property is measured initially at its cost. The cost of an investment property comprises its purchase price and any directly attributable expenditure. After initial recognition, the Company carries the investment property at the cost less accumulated depreciation and accumulated impairment, if any.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

4. Investment Property (contd.)

(b) Depreciation

After initial recognition, the Company measures all of its Investment Property in accordance with Ind AS 16 – Property, Plant and Equipment requirements for cost model. The depreciable amount of an item of Investment Property is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The depreciation charge for each period is generally recognised in the Standalone Statement of Profit and Loss.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Company
Buildings	30-60	30-60

(c) Fair Value

Fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 4.

(d) Gain or loss on Disposal

Any gain or loss on disposal of an Investment Property is recognised in the Standalone Statement of Profit and Loss.

5. Other Intangible Assets

(a) Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially measured at its cost and then carried at the cost less accumulated amortisation and accumulated impairment, if any.

Research and Development

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Expenditure incurred on research of an internal project is recognised as an expense in Standalone Statement of Profit and Loss, when it is incurred.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. An intangible asset arising from development is recognised if, and only if, the following criteria are met:

(a) it is technically feasibile to complete the intangible asset so that it will be available for use or sale.

(b) the Company intends to complete the intangible asset and use or sell it.

(c) the Company has ability to use or sell the intangible asset.

(d) the Company can demonstrate how the intangible asset will generate probable future economic benefits.

(e) the Company has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) the Company has ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised in Standalone Statement of Profit and Loss as incurred.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Standalone Statement of Profit and Loss as incurred.

(c) Amortisation

The Company amortises Other Intangible Assets on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The amortisation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

5. **Other Intangible Assets** (contd.)

(c) **Amortisation** (contd.)

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives as estimated by management are as follows:

Asset Class	Useful Lives (in years) – as estimated by the Company
Software	3
Customer Relationship	5
Brand and Technical Knowhow	5
Non-compete	5

6. **Non-current assets or disposal group held for sale**

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Company's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in Standalone Statement of Profit and Loss.

Once assets classified as held-for-sale, then Property, Plant and Equipment, Investment Property and Other Intangible Assets are no longer required to be depreciated or amortised.

7. **Employee Benefits**

(a) **Short-term Employee Benefits:**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(b) **Post-Employment Benefits:**

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(i) **Provident and Family Pension Fund**

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Standalone Statement of Profit and Loss as incurred.

In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

(ii) **Superannuation**

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes annual contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

7. Employee Benefits (contd.)

(b) Post-Employment Benefits (contd.)**:**

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Standalone Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days to one month salary payable for each completed year of service or part thereof in excess of six months depending upon category of employee. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income.

Provident Fund Trust

In respect of contribution to the trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

(c) Retirement Benefits to Executive Directors

The liability for special retirement benefit to the Executive Directors who became entitled prior to the discontinuation of the policy, is recognised in the balance sheet at its present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected united credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest expense is calculated by applying the discount rate to the defined benefit liability. The interest expense on the defined benefit liability is recognised in the Standalone Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Standalone Statement of Changes in Equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(d) Other Long-term Employee Benefits - Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Standalone Statement of Profit and Loss.

(e) Share based Payments

Employees of the Company receive remuneration in the form of share-based payments in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model and Monte Carle model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

8. Inventories

(a) Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

8. Inventories (contd.)

(b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Company.

(c) Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item. Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which reversal occurs.

(d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

9. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. For the purpose of Cash Flow Statement cash and cash equivalent includes bank overdrafts which are repayable on demand.

10. Government Grants

Government grants are assistance by government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Government grants are not be recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

11. Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

11. Provisions and Contingent Liabilities (contd.)

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

12. Revenue Recognition

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

13. Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company operates whereas presentation currency is the currency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Company.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

14. Taxation

Income tax

Income tax comprises current tax and deferred tax expense. It is recognised in Standalone Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

a temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

b taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

15. Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets (ROU Assets)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	90 to 99 years
Buildings	2 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 19 Impairment of non-financial assets.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

15. Lease (contd.)

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

16. Financial Instruments

(a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is measured at

— amortised cost;

— Fair Value through Other Comprehensive Income (FVOCI) – debt investment;

— Fair Value through Other Comprehensive Income – equity investment; or

— FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

16. Financial Instruments (contd.)

(b) Classification and subsequent measurement (contd.)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Standalone Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Standalone Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Standalone Statement of Profit and Loss.

(c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Standalone Statement of Profit and Loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently re-measured at fair value. Any changes therein are recognised in the statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

17. Borrowing Cost

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognises other borrowing costs as an expense in the period in which it incurs them. Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

18. Earnings Per Share

Basic earnings per share

The Company calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Diluted earnings per share

The Company calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

For the purpose of calculating diluted earnings per share, the Company adjusts profit or loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares calculated for calculating basic earnings per share and adjusted the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

19. Impairment Loss

Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on:

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

In accordance with Ind AS 109 – Financial Instruments, the Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

Impairment of Non Financial Assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate.

The Company assesses at the end of each reporting period whether there is any indication that an asset is impaired. In assessing whether there is any indication that an asset may be impaired, the Company considers External as well as Internal Source of Information. If any such indication exists, the Company estimates the recoverable amount for the individual asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Accounting Standards.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

19. Impairment Loss (contd.)

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit). A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company recognises impairment loss for a cash-generating unit if, and only if, the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit. The Company allocates impairment loss of cash-generating units first to the carrying amount of goodwill allocated to the cash-generating units, if any, and then, to the other assets of the cash-generating units pro rata on the basis of the carrying amount of each asset in the cash-generating unit. These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised accordingly.

20. Measurement of fair values

A number of the Companies accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

21. Business Combination

Business combinations arising from transfers or interests in entities that are under the control of the shareholders that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised, The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the standalone financial statements of the Company in the same form in which they appeared in the standalone financial statements of the acquired entity. The difference, if any, between the net assets acquired and cancellation of share capital of the acquired entity is transferred to other equity.

22. Investment in Subsidiaries

A subsidiary is an entity that is controlled by the Company.

The Company accounts for the investments in equity shares of subsidiaries at cost in accordance with Ind AS 27 – Separate Financial Statements.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

2. Property, Plant and Equipment

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2023	Additions	Deductions	As at 31st March, 2024	As at 1st April, 2023	Additions	Deductions	As at 31st March, 2024	As at 31st March, 2024
Freehold Land	90.61	—	—	**90.61**	—	—	—	**—**	**90.61**
	(90.06)	(0.55)	(—)	(90.61)	(—)	(—)	(—)	(—)	(90.61)
Buildings	949.23	45.22	0.07	**994.38**	218.91	28.32	0.06	**247.17**	**747.21**
	(866.77)	(82.46)	(—)	(949.23)	(191.81)	(27.10)	(—)	(218.91)	(730.32)
Plant and Equipments	1416.88	82.45	8.39	**1490.94**	581.00	66.64	8.32	**639.32**	**851.62**
	(1308.05)	(110.18)	(1.35)	(1416.88)	(518.69)	(63.19)	(0.88)	(581.00)	(835.88)
Furniture and Fixtures	23.14	3.91	1.05	**26.00**	18.57	1.14	1.05	**18.66**	**7.34**
	(22.67)	(0.47)	(—)	(23.14)	(17.66)	(0.91)	(—)	(18.57)	(4.57)
Vehicles	1.24	0.08	—	**1.32**	0.62	0.09	—	**0.71**	**0.61**
	(1.06)	(0.37)	(0.19)	(1.24)	(0.76)	(0.05)	(0.19)	(0.62)	(0.62)
Office Equipments	15.93	2.78	0.04	**18.67**	14.08	0.99	0.04	**15.03**	**3.64**
	(15.19)	(0.74)	(—)	(15.93)	(13.19)	(0.89)	(—)	(14.08)	(1.85)
Computers	59.08	16.34	—	**75.42**	45.35	7.29	—	**52.64**	**22.78**
	(52.66)	(6.43)	(0.01)	(59.08)	(41.05)	(4.30)	(—)	(45.35)	(13.73)
Assets for Scientific Research*	79.61	1.01	0.40	**80.22**	26.65	3.12	0.40	**29.37**	**50.85**
	(78.86)	(0.87)	(0.12)	(79.61)	(23.59)	(3.07)	(0.01)	(26.65)	(52.96)
Assets given on Operating Lease (Refer Note 2.5)	409.97	42.09	1.98	**450.08**	327.55	32.55	1.98	**358.12**	**91.96**
	(376.05)	(40.47)	(6.55)	(409.97)	(303.35)	(30.75)	(6.55)	(327.55)	(82.42)
Total Tangible Assets	3045.69	193.88	11.93	**3227.64**	1232.73	140.14	11.85	**1361.02**	**1866.62**
	(2811.37)	(242.54)	(8.22)	(3045.69)	(1110.10)	(130.26)	(7.63)	(1232.73)	(1812.96)

* Net block includes Buildings ₹ 23.70 Crores (2022-2023 ₹ 24.14 Crores), Plant and Equipment ₹ 24.21 Crores (2022-2023 ₹ 25.20 Crores) and Furniture and Fixtures ₹ 2.94 Crores (2022-2023 ₹ 3.62 Crores).

2.1. Figures in the brackets are the corresponding figures in respect of the previous year.

2.2. No items of Property, Plant and Equipment were pledged as security for liabilities during any part of the current and comparative period.

2.3. Nil amount of borrowing costs is capitalised during the current and comparative period.

2.4. Nil amount of impairment loss is recognised during the current and comparative period.

2.5 The Company has given Colour Dispenser Machines on operating lease to its dealers. The Company enters into three years cancellable lease agreements. However, the corresponding lease rentals may be receivable for a shorter period or may be waived off. The minimum aggregate lease payments to be received in future is considered as ₹ Nil. Accordingly, the disclosure of the present value of minimum lease payments receivable at the Balance Sheet date is not made.

3. Capital work-in-progress

₹ in Crores

Particulars	Opening	Additions	Deletions	Closing
2023-2024	**112.62**	**229.59**	**194.15**	**148.06**
2022-2023	223.88	131.28	242.54	112.62

Capital work-in-progress Ageing Schedule

As at 31st March, 2024 ₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	**111.16**	**28.86**	**1.03**	**7.01**	**148.06**
Projects temporarily suspended	—	—	—	—	—
Total	**111.16**	**28.86**	**1.03**	**7.01**	**148.06**

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

3. Capital work-in-progress (contd.)

As at 31st March, 2023 ₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	57.83	43.91	6.32	4.56	112.62
Projects temporarily suspended	—	—	—	—	—
Total	57.83	43.91	6.32	4.56	112.62

Project completion is overdue or has exceeded its cost compared to its original plan : Not Applicable

3A. Intangible assets under development

₹ in Crores

Particulars	Opening	Additions	Deletions	Closing
2023-2024	—	7.38	3.83	3.55
2022-2023	—	—	—	—

Intangible assets under development

As at 31st March, 2024 ₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3.55	—	—	—	3.55
Projects temporarily suspended	—	—	—	—	—
Total	3.55	—	—	—	3.55

As at 31st March, 2023 ₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	—	—	—	—	—
Projects temporarily suspended	—	—	—	—	—
Total	—	—	—	—	—

Project completion is overdue or has exceeded its cost compared to its original plan : Not Applicable

4. Right of Use Assets (ROU)

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1st April, 2023	Additions	Deductions	As at 31st March, 2024	As at 1st April, 2023	Additions	Deductions	As at 31st March, 2024	As at 31st March, 2024
Leasehold Land	75.50 (75.50)	0.27 (—)	— (—)	75.77 (75.50)	7.20 (6.37)	0.84 (0.83)	— (—)	8.04 (7.20)	67.73 (68.30)
Buildings	176.18 (146.44)	69.84 (38.39)	27.96 (8.65)	218.06 (176.18)	71.53 (50.42)	33.55 (27.74)	19.01 (6.63)	86.07 (71.53)	131.99 (104.65)
Total Right of Use Assets (ROU)	251.68 (221.94)	70.11 (38.39)	27.96 (8.65)	293.83 (251.68)	78.73 (56.79)	34.39 (28.57)	19.01 (6.63)	94.11 (78.73)	199.72 (172.95)

4.1. Figures in the brackets are the corresponding figures in respect of the previous year.

4.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

4.3. Nil amount of impairment loss is recognised during the current and comparative periods.

4.4. The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) included in Right of use assets (ROU), which are not held in the name of the Company are as indicated below:

Description of Property	Gross carrying value (₹ in Crores)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of Company
Leasehold land at Vapi	0.12	Perma Construction Aids Private Limited	No	Less than 3 years	The said land was acquired pursuant to a scheme of amalgamation and continue to be registered in the name of amalgamating Company. However, the deed of merger has been registered by the Company.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

5. Investment Property

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2023	Additions	Deductions*	**As at 31st March, 2024**	As at 1st April, 2023	Additions	Deductions*	**As at 31st March, 2024**	**As at 31st March, 2024**
Freehold Land	0.03	—	—	**0.03**	—	—	—	**—**	**0.03**
	(0.07)	(—)	(0.04)	(0.03)	(—)	(—)	(—)	(—)	(0.03)
Leasehold Land	0.01	—	0.01	**—**	—	—	—	**—**	**—**
	(0.01)	(—)	(—)	(0.01)	(—)	(—)	(—)	(—)	(0.01)
Buildings	2.23	—	0.25	**1.98**	2.14	—	0.25	**1.89**	**0.09**
	(3.39)	(—)	(1.16)	(2.23)	(3.29)	(—)	(1.15)	(2.14)	(0.09)
Total Investment Property	2.27	—	0.26	**2.01**	2.14	—	0.25	**1.89**	**0.12**
	(3.47)	(—)	(1.16)	(2.27)	(3.29)	(—)	(1.15)	(2.14)	(0.13)

5.1. Figures in the brackets are the corresponding figures in respect of the previous year.

5.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

5.3. Nil amount of impairment loss is recognised during the current and comparative periods.

5.4. During the financial year, no rental income was generated from the investment properties whereas direct operating expenses of ₹ 0.28 Crores (2022-2023 ₹ 0.21 Crores) were incurred and recorded as expense in the Standalone Statement of Profit and Loss.

5.5. Total fair value of Investment Property is ₹ 59.18 Crores (2022-2023 ₹ 729.88 Crores).

5.6. *Deduction represent transfer of asset value from investment property to asset held for sale head.

Fair Value Hierarchy

The fair value of investment property has been determined by external independent property valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used

The Company obtains Independent Valuations of its investment property. The fair value of the investment property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

5A. Asset held for Sale

₹ in Crores

Description	2023-2024	2022-2023
Freehold Land	—	0.04
Leasehold Land	**0.01**	—
Buildings	**0.02**	0.01
Plant and Equipments	**0.02**	—
Furniture and Fixtures	**0.00**	—
Total	**0.05**	0.05

On 30th June, 2023, the Company had entered into a Deed of Conveyance with Shoden Developers Private Limited, a group company of House of Hiranandani for sale of its land at Kavesar, Thane for the total consideration of ₹ 671.00 Crores. Accordingly, the profit on sale of ₹ 661.25 Crores has been disclosed as an exceptional item in the year ended 31 March 2024.

On 26th December, 2023, the Company has entered into Agreement to Sell with Aethon Developers Private Limited, subsidiary of Runwal Developers Private Limited ("Purchaser") for the Company's land parcel at Lower Parel, Mumbai together with Building thereon for the total consideration of ₹ 726.00 Crores. The sale is subject to completion of conditions precedent as mentioned in the agreement. The transaction will be accounted in the period in which conditions precedent are completed.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

6. Other Intangible Assets

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1st April, 2023	Additions	Deductions	As at 31st March, 2024	As at 1st April, 2023	Additions	Deductions	As at 31st March, 2024	As at 31st March, 2024
Software	21.08	3.83	—	**24.91**	19.50	1.49	—	**20.99**	**3.92**
	(19.93)	(1.15)	(—)	(21.08)	(18.95)	(0.55)	(—)	(19.50)	(1.58)
Customer Relationship	5.45	—	—	**5.45**	4.36	1.09	—	**5.45**	**—**
	(5.45)	(—)	(—)	(5.45)	(3.27)	(1.09)	(—)	(4.36)	(1.09)
Brand and Technical Knowhow	18.38	—	—	**18.38**	13.11	2.10	—	**15.21**	**3.17**
	(14.38)	(4.00)	(—)	(18.38)	(10.21)	(2.90)	(—)	(13.11)	(5.27)
Non-compete	6.28	—	—	**6.28**	5.52	0.75	—	**6.27**	**0.01**
	(6.28)	(—)	(—)	(6.28)	(4.26)	(1.26)	(—)	(5.52)	(0.76)
Total Other Intangible Assets	51.19	3.83	—	**55.02**	42.49	5.43	—	**47.92**	**7.10**
	(46.04)	(5.15)	(—)	(51.19)	(36.69)	(5.80)	(—)	(42.49)	(8.70)

6.1. Figures in the brackets are the corresponding figures in respect of the previous year.
6.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.
6.3. Nil amount of impairment loss is recognised during the current and comparative periods.

7. Non-current Investments

₹ in Crores

	As at 31st March, 2024		As at 31st March, 2023	
Investments in Equity Instruments:				
i. Subsidiary Companies at Cost (Unquoted)				
1. KNP Japan Private Limited 8,84,000 Equity Shares of NPR 100 each fully paid up (8,84,000 Equity Shares of NPR 100 each fully paid up)		**7.87**		7.87
2. Kansai Paints Lanka (Private) Limited 18,49,99,998 Equity Shares of LKR 10 each fully paid up (18,49,99,998 Equity Shares of LKR 10 each fully paid up)	**46.60**		46.60	
Less: Impairment loss (Refer note 47)	**(33.71)**		(22.21)	
		12.89		24.39
3. Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited) 6,71,00,000 Equity Shares of BDT 10 each fully paid up (6,71,00,000 Equity Shares of BDT 10 each fully paid up)	**70.41**		70.41	
Less: Impairment loss (Refer note 47)	**(7.50)**		—	
		62.91		70.41
4. Nerofix Private Limited 200,00,000 Equity Shares of ₹ 10 each fully paid up (200,00,000 Equity Shares of ₹ 10 each fully paid up)		**49.00**		49.00
ii. Others at FVTPL				
1. National Thermal Power Corporation Ltd. (Quoted) 48,628 Equity Shares of ₹ 10 each fully paid up (48,628 Equity Shares of ₹ 10 each fully paid up)		**1.63**		0.85
2. Paints and Coatings Skill Council (Unquoted) 10 Equity Shares of ₹ 25,000 each fully paid up (10 Equity Shares of ₹ 25,000 each fully paid up)		**0.02**		0.02
3. Beta Wind Farm Pvt Ltd. (Unquoted) 47,741 Equity Shares of ₹ 10 each fully paid up (1,90,741 Equity Shares of ₹ 10 each fully paid up)		**0.09**		0.36
4. Amplus RJ Solar Private Limited (Unquoted) 19,55,000 Equity Shares of ₹ 10 each fully paid up (19,55,000 Equity Shares of ₹ 10 each fully paid up)		**1.96**		1.96

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

7. Non-current Investments (contd.)

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Investments in Debenture:		
1. 8.49% National Thermal Power Corporation (NTPC) (Quoted) 40,524 Non Convertible Debenture of ₹ 10 each fully paid up (40,524 Non Convertible Debenture of ₹ 10 each fully paid up)	**0.02**	0.04
Total Non-current Investments	**136.39**	154.90
Aggregate book value of quoted investments	**1.65**	0.89
Aggregate market value of quoted investments	**1.65**	0.89
Aggregate amount of unquoted investments	**175.95**	176.22
Aggregate amount of impairment in value of investments	**41.21**	22.21

8. Other Financial Assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Security Deposits	**19.90**	16.63
	19.90	16.63

9. Other non-current assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Capital Advances	**41.11**	28.27
Prepaid Expenses	**43.49**	31.44
Balances with Indirect Tax Authorities	**29.90**	28.58
	114.50	88.29

10. Inventories

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Raw Materials	**454.04**	487.38
Packing Materials	**16.55**	18.17
Work-in-progress	**156.15**	142.09
Finished Goods	**875.82**	899.28
Stock-in-trade	**100.02**	88.87
Stores and Spares	**13.46**	12.23
	1616.04	1648.02

Nil amount of inventories were written down to net realisable value during the current and comparable period. Similarly, Nil amount of reversal of write down was accounted during the current and comparable periods.

Cost of inventory recognised as an expense during the year as per note 30 to 31.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

11. Current Investments

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
(A) Investments in Bonds at FVTPL (Quoted):	**8.93**	11.53
(B) Mutual Funds at FVTPL (Unquoted):	**1313.97**	486.60
Total Current Investment (A + B)	**1322.90**	498.13
Aggregate book value of quoted investments	**8.93**	11.53
Aggregate market value of quoted investments	**8.93**	11.53
Aggregate amount of unquoted investments	**1313.97**	486.60
Aggregate amount of impairment in value of investments	**Nil**	Nil

12. Trade Receivables

₹ in Crores

	As at 31st March, 2024		As at 31st March, 2023	
Secured, Considered Good		—		—
Unsecured, Considered Good*		**1215.25**		1117.15
Significant increase in Credit Risk		—		—
Credit Impaired	**39.02**		35.73	
Loss Allowance	**(39.02)**		(35.73)	
		—		—
		1215.25		1117.15
* Receivable from subsidiary company, in which director of the Company is a director				
KNP Japan Private Limited		**3.77**		3.47
Kansai Paints Lanka (Private) Limited		**7.97**		8.37
Kansai Nerolac Paints (Bangladesh) Limited		**10.63**		8.48
Nerofix Private Limited		**0.31**		1.32

Trade Receivables Ageing Schedule

As at 31st March 2024 **₹ in Crores**

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	**998.60**	**160.59**	**27.95**	**18.83**	**5.13**	**4.15**	**1215.25**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	**1.74**	**5.45**	**4.90**	**26.93**	**39.02**

As at 31st March 2023 ₹ in Crores

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	942.78	141.58	18.17	9.12	2.21	3.29	1117.15
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	1.45	5.88	4.83	23.57	35.73

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

13. Cash and Cash equivalents

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Cash on hand	**0.08**	0.06
Cheques on hand	**25.75**	22.38
Banks balances	**136.54**	62.78
Fixed Deposit with Bank with less than 3 month maturity	**—**	5.00
	162.37	90.22

14. Bank Balance other than Cash and cash equivalents

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unpaid Dividend Accounts	**2.13**	2.34
Fixed Deposit with Bank with more than 3 months but less than 12 month maturity	**65.14**	2.18
	67.27	4.52

15. Loans

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Loan given to Subsidiary Company	**53.00**	—
	53.00	—

* Includes ₹ 53.00 Crores (2022-2023 ₹ Nil Crores) Short term Loan for working capital need, carrying interest rate 5% p.a. given to subsidiary company – Kansai Nerolac Paints (Bangladesh) Limited, private company in which director of the Company is a director. This loan is repayable on demand.

16. Other Current Financial Assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Security Deposits	**4.69**	6.89
GST Incentive Receivable	**0.07**	1.35
Other Receivable*	**4.79**	3.48
	9.55	11.72

* Includes ₹ 1.05 Crores (2022-2023 ₹ 2.62 Crores) receivable from subsidiary company – KNP Japan Private Limited, private company in which director of the Company is a director

17. Other Current Assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Balances with Indirect Tax Authorities	**28.16**	101.45
Trade Advances	**47.04**	52.96
Prepaid Expenses	**53.52**	32.60
Other Receivable	**3.00**	5.30
	131.72	192.31

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

18. Share Capital

	As at 31st March, 2024		As at 31st March, 2023	
1. Authorised Share Capital (₹ in Crores)		85.00		66.50
Par Value per Share (₹)		1.00		1.00
Number of Equity Shares		85,00,00,000		66,50,00,000
2. Issued, Subscribed and Fully Paid up (₹ in Crores)		80.84		53.89
Par Value per Share (₹)		1.00		1.00
Number of Equity Shares		80,83,79,580		53,89,19,720
3. Details of Shareholders holding more than 5% of shares:				
	%	No. of Shares	%	No. of Shares
Holding Company:				
Kansai Paint Co., Ltd., Japan	74.99	60,62,03,847	74.99	40,41,35,898
4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium reserve		26,94,59,860		Nil
5. The Company has issued one class of shares, i.e. equity shares, which enjoys similar rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.				
6. Reconciliation of the number of shares outstanding:				
Number of shares at the beginning of the year		53,89,19,720		53,89,19,720
Issued during the year		26,94,59,860		—
Number of shares at the end of the year		80,83,79,580		53,89,19,720
7. Disclosure of Shareholding of Promoters:				
Name of Promoter: Kansai Paint Co., Ltd., Japan		40,41,35,898		40,41,35,898
Details of shares held by promoters:				
No. of shares at the beginning of the year		40,41,35,898		40,41,35,898
Change during the year*		20,20,67,949		—
No. of shares at the end of the year		60,62,03,847		40,41,35,898
% of Total Shares		74.99		74.99
% change during the year		50.00		—
* the change is due to issue of Bonus shares during the year				
8. Capital Management: For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the levels of dividends to equity shareholders. The Company is not subject to any externally imposed capital requirements.				

19. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2023	0.30	12.56	487.67	4049.21	3.75	4553.49
Profit for the Year	—	—	—	1182.87	—	1182.87
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.04)	—	(5.04)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	1.27
Total Other Comprehensive Income for the year, net of tax	—	—	—	(3.77)	—	(3.77)

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

19. Other Equity (contd.)

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Total Comprehensive Income for the Year	**—**	**—**	**—**	**1179.10**	**—**	**1179.10**
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(145.51)	—	(145.51)
Share based Payment Expense	**—**	**—**	**—**	**—**	**12.15**	**12.15**
Issue of Bonus Shares	**—**	**(12.56)**	**(14.39)**	**—**	**—**	**(26.95)**
	—	**(12.56)**	**(14.39)**	**(145.51)**	**12.15**	**(160.31)**
Balance as at 31st March, 2024	**0.30**	**—**	**473.28**	**5082.80**	**15.90**	**5572.28**

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Total
Balance as at 1st April, 2022	0.30	12.56	487.67	3616.51	—	4117.04
Profit for the year	—	—	—	486.43	—	486.43
Other Comprehensive Income:						
Remeasurement of Employee Defined Benefit Liability	—	—	—	0.21	—	0.21
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.05)	—	(0.05)
Total Other Comprehensive Income for the Year, net of tax	—	—	—	0.16	—	0.16
Total Comprehensive Income for the Year	—	—	—	486.59	—	486.59
Transaction with Owners in their Capacity as Owners, recorded directly in equity:						
Dividends	—	—	—	(53.89)	—	(53.89)
Share based payment	—	—	—	—	3.75	3.75
	—	—	—	(53.89)	3.75	(50.14)
Balance as at 31st March, 2023	0.30	12.56	487.67	4049.21	3.75	4553.49

Analysis of Accumulated OCI, Net of Tax

₹ in Crores

Remeasurement of Defined Benefit Liability/(Asset)	31st March, 2024	31st March, 2023
Opening Balance	**(7.91)**	(8.07)
Remeasurement of Employee Defined Benefit Liability, net of tax	**(3.77)**	0.16
Closing Balance	**(11.68)**	(7.91)

Capital Reserve

Capital reserve includes profit on re-issue of forfeited shares.

Securities Premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share based Payment Reserve

This represents the fair value of the stock options granted by the Company under the Restricted Stock Unit Plan ('RSU 2022 Plan') accumulated over the vesting period. The reserve will be utilised on exercise of the options.

Dividend

For the year 2022-2023, the Directors had recommended and Shareholders had approved a final dividend of 270% (₹ 2.70 per share), which has been accounted in current year.

The Board has recommended final dividend of 375% (₹ 3.75 per share) including special dividend of 125% (₹ 1.25 per share) for the financial year ended March 31, 2024 as compared to total dividend of 270% (₹ 2.70 per share) declared last year.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

19. Other Equity (contd.)

The dividend proposed by the Directors is subject to approval of Shareholders at the annual general meeting. The proposed dividend of ₹ 303.15 Crores (2022-2023 ₹ 145.51 Crores) have not been recognised as liabilities.

Issue of Bonus Shares

The shareholders of the Company approved the issue of bonus shares on 15th June, 2023 in proportion of 1 equity share for every 2 equity shares held. These bonus shares have been allotted subsequently on 5th July, 2023. Accordingly, the basic and diluted earnings per share have been adjusted for all the periods presented, for the bonus shares allotted in accordance with Ind AS-33 "Earnings per share" as notified by the Ministry of Corporate Affairs.

20. Lease Liabilities

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Lease Liabilities - Non-current	**119.54**	93.78
	119.54	93.78
The maturity analysis of lease liabilities is disclosed in Note 44.		

21. Provisions

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Provision for Retirement Benefits to Executive Director (Refer Note 39)	**20.56**	21.13
	20.56	21.13

22. Income Taxes

₹ in Crores

	31st March, 2024	31st March, 2023
A. The major components of income tax expense for the year are as under:		
(i) Income tax recognised in the Standalone Statement of Profit and Loss		
Current tax:		
In respect of current year	**366.86**	159.71
In respect of earlier years	**—**	(2.43)
Deferred tax:		
In respect of current year	**16.09**	6.65
Income tax expense recognised in the Standalone Statement of Profit and Loss	**382.95**	163.93
(ii) Income tax expense recognised in OCI		
Deferred tax expense on remeasurements of defined benefit plans	**1.27**	(0.05)
Income tax expense recognised in OCI	**1.27**	(0.05)
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax	**1565.82**	650.36
Income tax expense calculated at 25.17% (2022-2023 @ 25.17%)	**394.12**	163.70
Tax effect on non-deductible expenses	**7.74**	3.34
Effect of Income that is exempted from tax	**(0.15)**	(0.15)
Effect of differential tax rate on sale of land	**(14.15)**	—
Others	**(4.61)**	(2.96)
Total	**382.95**	163.93
Tax expense as per Standalone Statement of Profit and Loss	**382.95**	163.93

The tax rate used for reconciliation above is the corporate tax rate of 25.17% (2022-2023 25.17%) payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

22. Income Taxes (contd.)

C. The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

₹ in Crores

Particulars	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet	Balance Sheet	Statement of Profit and Loss	OCI	Balance Sheet
	01.04.2023	2023-2024	2023-2024	31.03.2024	01.04.2022	2022-2023	2022-2023	31.03.2023
Difference between written down value / capital work-in-progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act,1961	(141.96)	(6.97)	—	(148.93)	(134.51)	(7.45)	—	(141.96)
Tax adjustment on account on indexation of freehold land	21.25	(7.73)	—	13.52	19.47	1.78	—	21.25
Expense claimed for tax purpose on payment basis	4.88	1.45	—	6.33	6.01	(1.13)	—	4.88
Provision for Loss Allowance	9.75	1.26	—	11.01	8.89	0.86	—	9.75
Remeasurement benefit of the defined benefit plans through OCI	1.98	—	1.27	3.25	2.03	—	(0.05)	1.98
Difference in carrying value and tax base of investments measured through FVTPL	(1.91)	(5.16)	—	(7.07)	(0.57)	(1.34)	—	(1.91)
Difference in Right-of-use asset and lease liabilities	3.76	1.06	—	4.82	3.13	0.63	—	3.76
Deferred tax (expense)/income **Net Deferred tax liabilities**	(102.25)	(16.09)	1.27	(117.07)	(95.55)	(6.65)	(0.05)	(102.25)

23. Lease Liabilities

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Lease Liabilities - Current	29.11	25.49
	29.11	25.49

24. Trade Payables

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises	78.42	88.55
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises*	945.82	848.96
	1024.24	937.51
*Includes Acceptances ₹ 56.03 Crores (2022-2023 ₹ 54.31 Crores)		

Trade Payables Ageing Schedule

As at 31st March, 2024

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	78.42	—	—	—	—	78.42
(ii) Others	168.99	619.52	151.01	5.62	0.16	0.52	945.82
(iii) Disputed dues – MSME	—	—	—	—	—	—	—
(iv) Disputed dues – Others	—	—	—	—	—	—	—

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

24. Trade Payables (contd.)

As at 31st March, 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	88.55	—	—	—	—	88.55
(ii) Others	149.79	559.56	139.07	0.16	0.36	0.02	848.96
(iii) Disputed dues – MSME	—	—	—	—	—	—	—
(iv) Disputed dues – Others	—	—	—	—	—	—	—

25. Other Financial Liabilities

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unclaimed/Unpaid Dividends*	**2.13**	2.34
Trade Deposits	**48.78**	48.77
Payables for Capital Goods@ (Refer Note 43)	**34.45**	17.21
	85.36	68.32

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.

@ Includes Outstanding dues of Micro Enterprises and Small Enterprises ₹ 3.13 Crores (2022-2023 ₹ 3.96 Crores)

26. Other Current Liabilities

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Statutory Obligations*	**20.65**	19.23
Trade Receivables with Credit Balance	**14.03**	17.04
Advance received against Sale of Investment Property	**109.89**	162.11
	144.57	198.38

* Includes payable toward GST, TDS and Employee Related Statutory Obligations.

27. Provisions

₹ in Crores

	As at 31st March, 2024		As at 31st March, 2023	
Provision for Compensated Absences (Refer Note 39)		**16.69**		13.82
Provision for Gratuity (Refer Note 39)		**10.17**		2.70
Provision for Retirement Benefits to Executive Directors (Refer Note 39)		**1.94**		1.94
Provision for Indirect Taxes:				
Opening Balance	**2.43**		3.86	
Add: Provision during the year	—		—	
Less: Utilisation / reversal during the year	—		1.43	
		2.43		2.43
		31.23		20.89

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

28. Revenue from Operations

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Sale of Products				
Sales	8185.92		7855.82	
Less: Discounts and Rebates	827.48		815.62	
Total Sale of Products		7358.44		7040.20
Other Operating Revenues				
Sale of Scrap	26.20		26.85	
GST Incentives	—		2.47	
Others*	8.66		11.50	
		34.86		40.82
		7393.30		7081.02

*Includes Royalty Income and Other operating revenues

28.1. Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments:

₹ in Crores

Particulars	2023-2024	2022-2023
1) **Revenue from contracts with customers:**		
Sale of products (Transferred at point in time)		
Manufacturing		
India	6793.94	6526.00
Export	8.85	10.62
(A)	6802.79	6536.62
Trading		
India	555.65	503.58
(B)	555.65	503.58
(C) = (A) + (B)	7358.44	7040.20
2) **Other operating revenue:**		
Sale of Scrap	26.20	26.85
GST Incentive	—	2.47
Others	8.66	11.50
(D)	34.86	40.82
Total Revenue (C) + (D)	7393.30	7081.02
Major Product lines		
Paint	7358.44	7040.20
	7358.44	7040.20
Sales by performance obligations		
Upon delivery	7358.44	7040.20
	7358.44	7040.20
Reconciliation of revenue from contract with customer:		
Revenue from contracts with customer as per the contract price	8185.92	7855.82
Adjustments made to contract price on account of:		
a) Discounts / Rebates / Incentives	(827.48)	(815.62)
b) Other Operating Revenue	34.86	40.82
Revenue from contracts with customer as per the Standalone Statement of Profit and Loss	7393.30	7081.02

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

29. Other Income

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Dividend Income				
Dividend from Investment in Equity Shares	**1.14**		2.79	
		1.14		2.79
Interest Income				
Interest on Loans and Deposit at amortised cost	**2.84**		0.74	
Interest on Bonds recognised through FVTPL	**0.58**		0.58	
		3.42		1.32
Profit on Sale of Current Investments (Net)		**41.03**		7.32
Fair Value Gain on Financial Instruments recognised through FVTPL		**24.60**		6.54
Other Non-operating Income				
Profit on Sale of Property, Plant and Equipment	**0.27**		0.22	
Foreign Exchange Gain (Net)	**12.87**		4.09	
Insurance Claims Received	**5.16**		5.01	
Miscellaneous Income	**4.62**		3.54	
		22.92		12.86
		93.11		30.83

30. Cost of Materials Consumed

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Raw Material Consumed				
Opening Stock	**487.38**		478.50	
Add: Purchase	**3783.01**		4100.95	
Less: Sales	**8.98**		12.26	
Less: Closing Stock	**454.04**		487.38	
		3807.37		4079.81
Packing Material Consumed				
Opening Stock	**18.17**		18.15	
Add: Purchase	**478.77**		515.37	
Less: Closing Stock	**16.55**		18.17	
		480.39		515.35
		4287.76*		4595.16*

* Includes ₹ 3.75 Crores (2022-2023 ₹ 6.24 Crores) expenditure incurred on Research and Development

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

31. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Opening Stock				
Finished Goods	**899.28**		807.90	
Work-in-progress	**142.09**		141.30	
Stock-in-trade (in respect of goods acquired for trading)	**88.87**		74.66	
		1130.24		1023.86
Less: Closing Stock				
Finished Goods	**875.82**		899.28	
Work-in-progress	**156.15**		142.09	
Stock-in-trade (in respect of goods acquired for trading)	**100.02**		88.87	
		1131.99		1130.24
		(1.75)		(106.38)

32. Employee Benefits Expense

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Salaries and Wages	**342.27**	288.53
Contribution to Provident and Other Funds	**25.10**	24.39
Share based Payments to Employees	**12.15**	3.75
Staff Welfare Expense	**22.24**	17.17
	401.76*	333.84*

* Includes ₹ 26.53 Crores (2022-2023 ₹ 23.25 Crores) expenditure incurred on Research and Development

33. Finance Cost

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest on Lease Liabilities (Refer Note 44)	**12.46**	9.73
	12.46	9.73

34. Depreciation and Amortisation Expenses

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Depreciation on Property, Plant and Equipment (Refer Note 2)	**140.14**	130.26
Amortisation on Other Intangible Assets (Refer Note 6)	**5.43**	5.80
Amortisation on Right of use assets (ROU) (Refer Note 4)	**34.39**	28.57
	179.96*	164.63*

* Includes ₹ 3.12 Crores (2022-2023 ₹ 3.07 Crores) depreciation and amortisation expenses on Research and Development

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

35. Other Expenses

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Consumption of Stores and Spare Parts	**35.32**	31.18
Power and Fuel	**95.46**	87.73
Repairs to Buildings	**0.75**	0.51
Repairs to Machinery	**17.91**	15.86
Freight and Forwarding Charges	**401.84**	351.88
Advertisement and Sales Promotion	**353.72**	267.50
Rent	**18.39**	15.92
Rates and Taxes	**2.66**	2.71
Insurance	**12.50**	13.67
Miscellaneous Expenses	**260.38**	210.99
	1198.93*	997.95*

* Includes ₹ 8.12 Crores (2022-2023 ₹ 6.96 Crores) expenditure incurred on Research and Development

35.1. Payments to Auditors'

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Auditors' Remuneration excluding GST (Included in Miscellaneous Expenses in Note 35)		
As Auditor		
Statutory Audit	**0.30**	0.30
Report under Section 44AB of the Income-tax Act, 1961	**0.03**	0.03
Limited Review of Quarterly Results	**0.23**	0.23
In other capacity		
Certification	**0.08**	0.08
Other Matters	**0.11**	0.15
Reimbursements of Expenses	**0.05**	0.03
	0.80	0.82

35.2. Research and Development Expenses

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Revenue Expenditure on Research and Development recognised in Standalone Statement of Profit and Loss is	**41.52**	39.52

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

36. Contingent Liabilities and Commitments (to the extent not provided for)

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
a. Claims against the Company not acknowledged as debt:		
Excise and Service Tax	**8.38**	8.38
Sales Tax	**18.15**	18.15
Goods and Services Tax (GST)	**0.44**	—
The Company has made adequate provisions in the accounts for claims against the Company related to direct and indirect taxes matters, except for certain claims not acknowledged as debts, totalling to ₹ 26.97 Crores (2022-2023 ₹ 26.53 Crores) from the Excise / Service Tax / Sales Tax / GST Authorities, in respect of disallowance of Cenvat Credit of Excise / Service Tax and Input Tax Credit of Sales Tax / GST.		
In addition, the Company is subject to other legal proceedings in respect of other matters arisen in the ordinary course of business. The Company's management is of the opinion that ultimate liability in respect of these litigations shall not exceed the amount provided in books of account, and shall not have any material adverse effect on the Company's operation and financial position.		
b. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	**143.44**	36.09
Corporate guarantee		
Stand by Letter of Credit (SBLC) given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited – Subsidiary Company	**22.53**	22.76
Corporate guarantee given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited – Subsidiary Company	**70.66**	9.01
Corporate guarantee given to Bank for Kansai Paints Lanka (Private) Limited - Subsidiary Company	**9.66**	8.73
	273.26	103.12
c. Contribution to Provident Fund There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated February 28, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Company.		

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

37. Earnings Per Equity Share

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Basic Earnings per Equity Share before Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**677.26**	486.43
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,83,79,580**	80,83,79,580
Basic Earnings per Equity Share (in ₹)	**8.38**	6.02
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**677.26**	486.43
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	**80,90,58,712**	80,89,98,294
Diluted Earnings per Equity Share (in ₹)	**8.37**	6.02
Basic Earnings per Equity Share after Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**1182.87**	486.43
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,83,79,580**	80,83,79,580
Basic Earnings per Equity Share (in ₹)	**14.63**	6.02
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**1182.87**	486.43
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	**80,90,58,712**	80,89,98,294
Diluted Earnings per Equity Share (in ₹)	**14.62**	6.02

EPS for previous year has been calculated considering face value of share of ₹ 1 each and has been restated on account of bonus issue.

38. Related Party Disclosures

A related party is a person or entity that is related to the entity that is preparing its Financial Statements

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

  A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2024	2023			
Kansai Paint Co., Ltd., ...	**74.99**	74.99	Parent and ultimate controlling entity	Manufacturing paints and other related materials	Japan

Kansai Paints Co., Ltd. is the immediate and ultimate holding company of Kansai Nerolac Paints Limited and is based and listed in Japan. Financial Statements of Kansai Paints Co., Ltd. are available in public domain.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

38. Related Party Disclosures (contd.)

Subsidiaries Companies

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2024	2023			
KNP Japan Private Limited	**68**	68	Subsidiary	Manufacturing paints and other related materials	Nepal
Kansai Paints Lanka (Private) Limited	**60**	60	Subsidiary	Manufacturing paints and other related materials	Sri Lanka
Kansai Nerolac Paints (Bangladesh) Limited	**55**	55	Subsidiary	Manufacturing paints and other related materials	Bangladesh
Nerofix Private Limited	**100**	100	Subsidiary	Manufacturing paints and other related materials	India

Fellow Subsidiaries Companies

Name	Type	Principal Activities	Place of Incorporation
Kansai Paint Philippines Inc.	Fellow Subsidiary	Manufacturing paints and other related materials	Philippines
Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	Manufacturing paints and other related materials	Malaysia
Kansai Plascon Kenya Ltd.	Fellow Subsidiary	Manufacturing paints and other related materials	Kenya
Helios RUS LLC	Fellow Subsidiary	Manufacturing paints and other related materials	Russia
PT Kansai Prakarsa Coating	Fellow Subsidiary	Manufacturing paints and other related materials	Indonesia
Helios Tovarna Barv, Lako	Fellow Subsidiary	Manufacturing paints and other related materials	Germany

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel includes (1) Mr. P. P. Shah, Chairman (2) Mr. Anuj Jain, Managing Director (3) Mr. N. N. Tata, Director (upto 10th August 2022) (4) Ms. Sonia Singh, Director (5) Mr. Bhaskar Bhat, Director (w.e.f 10th August 2022) (6) Mr. P. D. Pai, CFO and (7) Mr. G. T. Govindarajan, Company Secretary.

Other entities where significant influence exist

— Kansai Nerolac Paints Limited Provident Fund

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations

₹ in Crores

Transaction Type	Relation	2023-2024	2022-2023
Sale of finished goods/Intermediates			
— Kansai Paints Lanka (Private) Limited	Subsidiary	**—**	7.38
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.36**	0.24
— Nerofix Private Limited.	Subsidiary	**0.41**	—
— Kansai Paint Philippines Inc.	Fellow Subsidiary	**4.43**	2.82
— Helios RUS LLC.	Fellow Subsidiary	**0.39**	—
— PT Kansai Prakarsa Coating	Fellow Subsidiary	**0.01**	—
Purchase of Goods			
— Nerofix Private Limited	Subsidiary	**22.64**	27.87
— Helios Tovarna Barv, Lako	Fellow Subsidiary	**0.01**	—
Dividend Paid			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**109.12**	40.41
Dividend Income			
— KNP Japan Private Limited	Subsidiary	**1.11**	2.76
Transfer under license agreements Royalty Expense			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**25.49**	22.26

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

38. Related Party Disclosures (contd.)

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations (contd.)

₹ in Crores

Transaction Type	Relation	2023-2024	2022-2023
Technical Fees Including Reimbursement of Expenses			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.29**	0.42
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	**—**	0.01
Royalty Income			
— KNP Japan Private Limited	Subsidiary	**1.43**	1.72
— Kansai Paints Lanka (Private) Limited	Subsidiary	**0.39**	0.31
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**1.99**	2.34
— Nerofix Private Limited	Subsidiary	**1.07**	1.16
Interest receivable on loan			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.72**	—
Income from Corporate guarantee issued			
— Kansai Paints Lanka (Private) Limited	Subsidiary	**0.03**	0.03
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.41**	0.41
Loan Given			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**53.00**	—
Trade Advance Given			
— Nerofix Private Limited	Subsidiary	**15.00**	—
Issue of Bonus Shares			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**20.21**	—
Equity Investment			
— Kansai Paints Lanka (Private) Limited	Subsidiary	**—**	10.99
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**—**	13.90
— Nerofix Private Limited	Subsidiary	**—**	37.00
Reimbursement of Expenses Recovered			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.69**	—
— KNP Japan Private Limited	Subsidiary	**1.10**	0.95
— Kansai Paints Lanka (Private) Limited	Subsidiary	**—**	0.04
— Nerofix Private Limited	Subsidiary	**0.07**	0.15
Reimbursement of Expenses			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.65**	0.42
Contributions during the year (includes Employees' share and contribution)			
— Kansai Nerolac Paints Limited Provident Fund	Other entities	**1.31**	1.38
Amount of outstanding balances, including commitments in settlement			
Receivable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.69**	—
— KNP Japan Private Limited	Subsidiary	**4.82**	6.09
— Kansai Paints Lanka (Private) Limited	Subsidiary	**7.97**	8.37
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**64.35**	8.48
— Nerofix Private Limited	Subsidiary	**13.40**	1.32
— Kansai Paint Philippines Inc.	Fellow Subsidiary	**0.89**	0.44
Payable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**0.19**	0.19
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**0.22**	0.31
— Nerofix Private Limited.	Subsidiary	**—**	0.41

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

38. Related Party Disclosures (contd.)

Transaction with related parties and Disclosure as per Regulation 53(f) of SEBI (Listing Obligation and disclosure requirement) Regulations (contd.)

₹ in Crores

Transaction Type	Relation	2023-2024	2022-2023
Corporate guarantee			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**70.66**	9.01
— Kansai Paints Lanka (Private) Limited	Subsidiary	**9.66**	8.73
Stand by Letter of Credit (SBLC)			
— Kansai Nerolac Paints (Bangladesh) Limited	Subsidiary	**22.53**	22.76
Key Management Personnel			
— Employee benefits#			
Mr. Anuj Jain Managing Director		**5.24**	3.34
Mr. P. D. Pai Chief Financial Officer		**2.07**	1.67
Mr. G. T. Govindarajan Company Secretary		**1.04**	0.89
— Commission and Fee for attending Board /Committee Meetings to Independent Directors			
Mr. P. P. Shah Chairman		**0.50**	0.45
Mr. N. N. Tata Independent Director (Upto 10th August 2022)		**—**	0.37
Ms. Sonia Singh Independent Director		**0.46**	0.40
Mr. Bhaskar Bhat Independent Director (W.e.f 10th August 2022)		**0.31**	0.03

Related Party Transactions:

Related party transactions were made on terms equivalent to those that prevail in an arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash.

Includes commission paid for the previous year, company's contribution to Provident Fund and Superannuation Fund and excludes accrual for commission for the current year and restricted stock units (RSU) granted to KMP's in accordance with the Kansai Nerolac Paints Limited - Restricted Stock Unit Plan ('RSU 2022 Plan'), However, such RSU's units would vest after fulfillment of vesting conditions in accordance with the RSU Plan 2022.

As the future liabilities for gratuity, leave encashment and Director pension along with medical benefits are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

During the year, the Company has renewed corporate guarantee of ₹ 84.28 Crores.

39. Employee Benefits

A. Defined Contribution Plans:

Contribution to defined contribution plan, recognised in the Standalone Statement of Profit and Loss under Company's Contribution to Provident Fund and Other Funds in Employee Benefits Expenses for the year are as under:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Employer's contribution to Regional Provident Fund Commissioner	**7.08**	4.85
Employer's contribution to Family Pension Fund	**5.33**	4.73
Employer's contribution to Superannuation Fund	**4.50**	8.26

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

39. Employee Benefits (contd.)

B. Defined Benefit Plans:

a. Gratuity

The following tables setout the funded status of the gratuity plans and the amounts recognised in the Company's Financial Statements as at 31 March, 2024 and 31 March, 2023:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning	**42.80**	39.68
Current Service Cost	**4.74**	3.26
Interest Expense	**3.05**	2.65
Benefit Payments from Plan Assets*	**(4.20)**	(3.54)
Remeasurements - Actuarial (gains) / losses	**6.94**	0.75
Defined Benefit Obligation at the end	**53.33**	42.80
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning	**40.10**	45.49
Interest Income	**2.85**	2.89
Employer Contributions	**2.93**	1.79
Benefit Payments from Plan Assets	**(4.41)**	(10.22)
Remeasurements – Return on plan assets excluding amounts included in interest income	**1.69**	0.15
Fair Value of Plan Assets at the end	**43.16**	40.10
Net Asset/(liability)	**(10.17)**	(2.70)

* Includes direct payment by employer.

Components of Defined Benefit Cost recognized in the Standalone Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Current Service Cost	**4.74**	3.26
Net Interest Cost	**0.20**	(0.24)
Defined Benefit Cost recognised in the Statement of Profit and Loss	**4.94**	3.02

Components of Defined Benefit Cost recognized in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Actuarial (gains) / losses on Defined Benefit Obligation	**6.94**	0.75
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**(1.69)**	(0.15)
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	**5.25**	0.60

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	Valuation Date	
	31st March, 2024	31st March, 2023
Discount Rate	**7.22%**	7.51%
Salary Escalation	**7.50%**	7.50%
Weighted average duration of the defined benefit obligation (years)	**9.07**	9.13

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

39. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

a. Gratuity (contd.)

Sensitivity Analysis:

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Discount Rate, Salary Escalation Rate and Withdrawal Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

₹ in Crores

Scenario	31st March, 2024	31st March, 2023
Under Base Scenario	**53.33**	42.80
Salary Escalation - Up by 1%	**57.85**	46.48
Salary Escalation - Down by 1%	**49.31**	39.53
Withdrawal Rates - Up by 1%	**53.21**	42.77
Withdrawal Rates - Down by 1%	**53.47**	42.83
Discount Rates - Up by 1%	**49.38**	39.61
Discount Rates - Down by 1%	**57.90**	46.48

Expected Rate of Return on Planned Asset	**7.22%**	7.51%

Maturity Profile of Defined Benefit Obligations

Mortality Table	31st March, 2024		31st March, 2023	
Attained Age	Male	Female	Male	Female
20	**0.09%**	**0.09%**	0.09%	0.09%
25	**0.09%**	**0.09%**	0.09%	0.09%
30	**0.10%**	**0.10%**	0.10%	0.10%
35	**0.12%**	**0.12%**	0.12%	0.12%
40	**0.17%**	**0.17%**	0.17%	0.17%
45	**0.26%**	**0.26%**	0.26%	0.26%
50	**0.44%**	**0.44%**	0.44%	0.44%
55	**0.75%**	**0.75%**	0.75%	0.75%
60	**1.12%**	**1.12%**	1.12%	1.12%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company contributes all ascertained liabilities towards gratuity to the fund maintained by the Life Insurance Corporation of India.

The Company expects to contribute ₹ 10.17 Crores (2022-2023 ₹ 2.70 Crores) to the fund during the subsequent accounting year.

b. Provident fund (Managed by the Trust set up by the Company)

The Company has contributed ₹ 1.31 Crores (2022-2023 ₹ 1.38 Crores) to the Provident Fund Trust. The Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall.

The details of fund and plan asset position are given below:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Plan assets at period end, at fair value	**52.39**	51.05
Present value of benefit obligation at period end	**51.47**	49.35
Asset recognised in balance sheet	**Nil**	Nil

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

39. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

b. Provident fund (Managed by the Trust set up by the Company) (contd.)

The plan assets have been primarily invested in Government Securities which comprises of Special Deposit Schemes (SDS), State Development Loans (SDLs) and Government Bonds

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Discount Rate (%)	**7.18**	7.30
Guaranteed Interest Rate (%)	**8.25**	8.15
Expected Average Remaining Working Lives of Employees (Years)	**8.10**	8.30

c. Retirement Benefits to Executive Directors

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening defined benefit obligation	**23.08**	24.22
Current service cost	**—**	—
Past Service Cost	**—**	—
Interest Expenses	**1.61**	1.63
Remeasurement (gain)/loss	**(0.21)**	(0.81)
Benefits paid	**(1.98)**	(1.96)
Closing defined benefit obligation	**22.50**	23.08

Components of cost of Retirement Benefits to Executive Directors recognized in the Standalone Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Current Service Cost	**—**	—
Net Interest Cost	**1.61**	1.63
Defined Benefit Cost recognised in the Statement of Profit and Loss	**1.61**	1.63

Components of cost of Retirement Benefits to Executive Director recognized in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Actuarial (gains) / losses on Defined Benefit Obligation	**(0.21)**	(0.81)
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	**(0.21)**	(0.81)

d. Compenseted Absences

The increase in provision for compensated absences for the year is ₹ 2.87 Crores (2022-2023 ₹ 1.04 Crores).

40. Segment Reporting

The Management Committee of the Company, approved by the Board of Directors and Audit Committee performs the function of allotment of resources and assessment of performance of the Company. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Company has identified that Chief Operating Decision Maker function is being performed by the Management Committee. The financial information presented to the Management Committee in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for paints and other related products of the Company. As the Management Committee monitors the business activity as a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

41. Corporate Social Responsibilities

During the year, the Company has spent ₹ 12.48 Crores (2022-2023 ₹ 12.70 Crores) towards 'Corporate Social Responsibility Activities' (CSR Activities).

(a) Gross amount required to be spent by the Company during the year ₹ 12.43 Crores (2022-2023 ₹ 12.68 Crores).

(b) Amount spent during the year on:

₹ in Crores

	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset..	**—**	**—**	**—**
	(—)	(—)	(—)
(ii) On purposes other than (i) above	**12.48**	**—**	**12.48**
	(12.70)	(—)	(12.70)

(previous year figures are in brackets)

(c) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

(d) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act.

(e) Disclosure for excess CSR spent and carried forward for set-off in next year:

In case of S. 135(5) Excess amount spent

₹ in Crores

Financial Year	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
2023-2024	**0.09**	**12.43**	**12.48**	**0.14**
2022-2023	0.07	12.68	12.70	0.09

42. Financial Instruments: Fair Values and Risk Management

(A) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

₹ in Crores

	Year	At FVTPL	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair Value						
Non-current Assets: Investments (Note 7)...........	**2024**	**3.72**	**1.67**	**—**	**2.05**	**3.72**
	2023	3.23	0.91	—	2.32	3.23
Current Assets: Investments (Note 11)................	**2024**	**1322.90**	**—**	**1322.90**	**—**	**1322.90**
	2023	498.13	—	498.13	—	498.13

There have been no transfers between Level 1 and Level 2 during the year and previous year.

(B) Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

— Credit Risk

— Liquidity Risk

— Market Risk

(i) Risk Management Framework

Risk Management Committee oversees the management of these risks. Management is supported by Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the management that Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company's Risk Management Policies are established to identify and analyses the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk Management Policies and Systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

42. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(ii) Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments in debt securities. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed constantly. Any sales exceeding those limits require approval from the management.

The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

₹ in Crores

Movement in expected credit loss allowance on trade receivable	31st March, 2024	31st March, 2023
Balance at the beginning of the year	**35.73**	35.22
Loss allowance measured at lifetime expected credit losses	**3.29**	0.51
Balance at the end of the year	**39.02**	35.73

Financial Instruments and Cash Deposits

Credit risks from balances with banks and financial institutions is managed by the Company's Treasury Department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturities of Financial Liabilities:

The table below analyse the Company's financial liabilities into relevant maturing grouping based on their contractual maturities:

₹ in Crores

	Year ended	On demand	Upto 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	3 years and above	Total
Trade Payables ...	**31-03-2024**	**—**	**1024.24**	**—**	**—**	**—**	**—**	**1024.24**
	31-03-2023	—	937.51	—	—	—	—	937.51
Other Financial Liabilities.............	**31-03-2024**	**50.91**	**34.45**	**—**	**—**	**—**	**—**	**85.36**
	31-03-2023	51.11	17.21	—	—	—	—	68.32

For maturity profile of lease liabilities, refer note 44.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

42. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(iv) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level.

Since the Company does not have any interest bearing borrowings, the exposure to risk of changes in market interest rates is not applicable. Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments, debentures and bonds. Since the investments in equity instruments and debentures is not material and bonds being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in equity instrument and debentures is given in Note 7 and details of investments in bonds is given in Note 11.

Exposure to Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Company's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due on timely basis. The Company does not enter into any derivative instruments for trading or speculative purposes. The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

₹ in Crores

Financial Assets		EURO	JPY	SGD	GBP	USD	Total
Trade Receivables	**31-03-2024**	**—**	**—**	**—**	**—**	**1.65**	**1.65**
	31-03-2023	—	—	—	—	2.53	2.53
Financial Liabilities							
Trade Payables	**31-03-2024**	**2.58**	**32.62**	**0.01**	**—**	**55.86**	**91.07**
	31-03-2023	2.62	29.79	—	0.12	70.32	102.85
Net exposure to Foreign Currency Risk (Liabilities)	**31-03-2024**	**2.58**	**32.62**	**0.01**	**—**	**54.21**	**89.42**
	31-03-2023	2.62	29.79	—	0.12	67.79	100.32

(v) Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in EURO, JPY, BDT and USD exchange rates, with all other variable held constant.

₹ in Crores

	Profit or Loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2024				
EURO (5% movement)	**(0.13)**	**0.13**	**(0.10)**	**0.10**
JPY (5% movement)	**(1.63)**	**1.63**	**(1.22)**	**1.22**
SGD (5% movement)	**(0.00)**	**0.00**	**(0.00)**	**0.00**
USD (5% movement)	**(2.71)**	**2.71**	**(2.03)**	**2.03**
31st March, 2023				
EURO (5% movement)	(0.13)	0.13	(0.10)	0.10
JPY (5% movement)	(1.49)	1.49	(1.11)	1.11
GPB (5% movement)	(0.01)	0.01	(0.00)	0.00
USD (5% movement)	(3.39)	3.39	(2.54)	2.54

(vi) There are no outstanding Forward Foreign Exchange Contracts entered into by the Company during current and previous year.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

42. Financial Instruments: Fair Values and Risk Management (contd.)

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other Non-current assets: Investment measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	– Forecast Annual revenue growth – Forecast EBITDA growth margin – Risk adjustment discounted rate	Generally, a changes in the annual revenue growth rate is accompanied similar change in EBITDA margin.
Current investments – in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.	Not applicable	Not applicable

Carrying amounts of cash and cash equivalents, trade receivables, loans, trade payables and other financial liabilities as at 31st March 2024 and 31st March 2023 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

43. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2023-2024 and 2022-2023, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprise (Refer Note 24 and 25).......	**81.55**	92.51
Interest due on above..	**—**	—
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period........	**—**	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006......	**—**	—
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	**—**	—
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	**—**	—

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2024

44. Disclosure of Lease as per Ind AS 116

The following is the summary of practical expedients elected on application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(ii) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 31st March 2024 is 8.50% (2022-2023 8.50%)

The changes in the carrying value of right of use (ROU) assets for the year ended 31 March 2024 and 31 March 2023 are disclosed in Note 4

₹ in Crores

Particulars	Amount as at 31st March, 2024	Amount as at 31st March, 2023
ROU Balance at the beginning of the year	**172.95**	165.15
Additions (Refer Note 4)	**70.11**	38.39
Amortisation cost accrued during the year (Refer Note 4)	**(34.39)**	(28.57)
Deletions (Net-off accumulated amortisation)	**(8.95)**	(2.02)
ROU Balance at the end of the year	**199.72**	172.95
Lease Liabilities at the beginning of the year	**119.27**	108.88
Additions	**69.84**	38.39
Interest cost accrued during the year	**12.46**	9.73
Payment of lease liabilities	**(41.80)**	(34.98)
Deletion	**(11.12)**	(2.75)
Lease Liabilities at the end of the year	**148.65**	119.27
Lease Liabilities - Current	**29.11**	25.49
Lease Liabilities - Non-current	**119.54**	93.78
Total Lease Liabilities	**148.65**	119.27

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases or cancelable in nature was ₹ 18.39 Crores (2022-2023 ₹ 15.92 Crores)

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	Amount as at 31st March, 2024	Amount as at 31st March, 2023
Not later than one year	**40.32**	34.41
Later than one year and not later than five years	**107.60**	89.05
Later than five years	**41.10**	25.28

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

45. The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) Details of Investments made are given in Note 7.

(ii) Details of Loans given by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder are given in Note 15.

(iii) Details of guarantees/ standby letter of credits (SBLC) issued by the Company in accordance with Section 186 of the Companies Act, 2013 read with rules issued thereunder.

₹ in Crores

Name of the party	Transaction	Relationship	Amount as at 31st March, 2024	Amount as at 31st March, 2023
Kansai Nerolac Paints (Bangladesh) Limited (in respect of loan taken from bank)............	SBLC	Subsidiary Company	**22.53**	22.76
Kansai Nerolac Paints (Bangladesh) Limited (in respect of loan taken from bank)............	Guarantees	Subsidiary Company	**70.66**	9.01
Kansai Paints Lanka (Private) Limited (in respect of loan taken from bank)............	Guarantee	Subsidiary Company	**9.66**	8.73

46. Share based payments

The Company has granted share based incentives (Restricted Stock Units (“RSU”)) to certain eligible employees during the year ended 31st March 2023 and 31st March 2024, under Kansai Nerolac Paints Limited - Restricted Stock Unit Plan (‘RSU 2022 Plan’) approved by Nomination and Remuneration Committee (NRC). As per the scheme, the number of shares that will vest is conditional upon certain performance measures determined by NRC. The performance measures under this scheme include growth in sales and earnings. The options granted under this scheme is exercisable by employees till four years from date of its vesting. The Company has granted options at an exercise price of ₹ 1/-.

	Year Ended 31st March, 2024	Year Ended 31st March, 2023
Options outstanding at the beginning of the year	**11,80,615**	—
Impact of Bonus shares on the opening Options	**5,87,590**	—
Granted during the year	**1,36,012**	11,92,792
Forfeited/Expired during the year	**81,480**	12,177
Exercised during the year	**—**	—
Outstanding at the end of the year	**18,22,737**	11,80,615
Options exercisable at the end of the year	**60,784**	—

The Company has estimated fair value of options using Black Scholes model for Time based RSU’s and Monte Carlo Simulation model for Performance based RSU’s. The following assumptions were used for calculation of fair value of options granted during the year ended 31st March, 2024

	Estimate	
Assumption factor (Black Scholes model)	**2023-2024**	2022-2023
Risk free rate	**6.87% - 7.23%**	7.14% - 7.23%
Expected life of option	**3 - 5 years**	4 - 7 years
Expected volatility	**29.97% - 37.80%**	32% - 35%
Fair Value per RSU (₹)	**278.31 - 431.74**	425.57 - 430.61
Market price at the time of grant of the option (₹)	**290.05 - 439.25**	439.25
Dividend Yield	**0.51% - 0.78%**	0.60%

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

46. Share based payments (contd.)

	Estimate	
Assumption factor (Monte Carlo Simulation model)	**2023-2024**	2022-2023
Risk free rate	**6.76% - 7.15%**	7.15%
Expected life of option	**3.25 - 2.08 years**	4 years
Expected volatility	**28.07% - 34.2%**	34.2%
Fair Value per RSU (₹)	**165.88 - 281.84**	281.84
Market price at the time of grant of the option (₹)	**290.05 - 439.25**	439.25
Dividend Yield	**0.60% - 0.78%**	0.60%

47. Exceptional Items

a) Profit on Sale of Asset held for sale

On 30th June, 2023, the Company had entered into a Deed of Conveyance with Shoden Developers Private Limited, a group company of House of Hiranandani for sale of its land at Kavesar, Thane for the total consideration of ₹ 671.00 Crores. Accordingly, the profit on sale of ₹ 661.25 Crores has been disclosed as an exceptional item in the year ended 31 March 2024.

b) Impairment of long-term investment

The Company has made an assessment of the recoverable amount for its long-term investment in Kansai Paints Lanka (Private) Limited and Kansai Nerolac Paints (Bangladesh) Limited after taking in to account its past performance, current change in economic and market conditions. Accordingly, the Company determined the recoverable amount for this investment in subsidiary and recorded a provision for impairment of ₹ 11.50 Crores and ₹ 7.50 Crores respectively.

48. Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company has identified transaction with one struck off company i.e. Chemene Bombay Private Limited as Clearing and Forwarding Agent with whom transaction during the year amounts to ₹ Nil Crores (2022-2023 ₹ 0.15 Crores).

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

49. Audit Trail

The Company has used two accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that in case of one software, audit trail feature is not enabled at the database level insofar as it relates to SAP accounting software and based on the SOC report obtained by the Company, audit trail feature is enabled for other accounting software. Further no instance of audit trail feature being tampered with was noted in respect of the softwares.

Notes to the Standalone Financial Statements
for the year ended 31st March, 2024

50. Ratio Analysis and its Elements

Ratios		Numerator	Denominator	2023-2024	2022-2023	% Variance
Current Ratio	Times	Current Assets	Current Liabilities	**3.48**	2.85	22.11%
Debt Equity Ratio	Times	Total Debt	Shareholder's Equity	**0.03**	0.02	50.00%*
Debt Service Coverage ratio	Times	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	**48.05**	18.63	157.92%*
Return on Equity ratio	%	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	**23.06%**	11.08%	108.12%*
Inventory Turnover ratio	Times	Cost of goods sold	Average Inventory	**2.92**	3.12	(6.41%)
Trade Receivable Turnover Ratio	Times	Net credit sales	Average Trade Receivable	**6.31**	6.76	(6.67%)
Trade Payable Turnover Ratio	Times	Net credit purchases = Gross credit purchases - purchase return + Employee Benefits + Other Expenses	Average Trade Payables	**6.44**	7.01	(8.20%)
Net Capital Turnover Ratio	Times	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	**2.25**	3.05	(26.23%)
Net Profit ratio	%	Net Profit	Net sales = Total sales - sales return	**16.08%**	6.91%	132.66%*
Return on Capital Employed	%	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	**15.83%**	13.69%	15.62%
Return on Investment	%	Interest (Finance Income)	Investment	**7.54%**	5.50%	37.09%**

* Reason for variation in ratios of more than 25% is due to increase in profit as compared to previous year due to low base of previous year.

**Increase in return on investment is due to increase in interest rate in debt market during the year.

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Anil Jobanputra
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts Rules, 2014)

Statement Containing salient features of the Financial Statement of Subsidiaries/ Associate Companies/ Joint Ventures

PART "A" : Subsidiaries

₹ in Crores

Name of Subsidiary	Period	The date since when subsidiary was acquired	Reporting Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend	Extent of Shareholding (in percentage)
KNP Japan Pvt. Ltd.	**2023-24**	1st October, 2012	NPR	**8.17**	**55.01**	**90.13**	**26.95**	**Nil**	**65.92**	**6.97**	**1.48**	**5.49**	**1.60**	**68%**
	2022-23			8.17	51.10	88.88	29.61	Nil	81.16	9.60	2.56	7.04	4.01	68%
Kansai Lanka Paints Pvt. Ltd.	**2023-24**	30th July, 2015	LKR	**77.67**	**(64.01)**	**53.05**	**39.38**	**NIl**	**34.25**	**(7.21)**	**Nil**	**(7.21)**	**Nil**	**60%**
	2022-23			77.67	(57.42)	44.74	24.49	Nil	26.73	(3.48)	Nil	(3.48)	Nil	60%
Kansai Nerolac Paints (Bangladesh) Limited	**2023-24**	17th July, 2018	BDT	**103.20**	**(144.22)**	**152.86**	**193.88**	**Nil**	**202.27**	**(17.52)**	**1.25**	**(18.77)**	**Nil**	**55%**
	2022-23			103.20	(124.61)	155.72	177.13	Nil	239.48	(11.82)	1.45	(13.27)	Nil	55%
Nerofix Pvt. Ltd.	**2023-24**	17th July, 2019	INR	**20.00**	**(10.73)**	**70.32**	**61.05**	**Nil**	**132.80**	**(2.74)**	**Nil**	**(2.74)**	**Nil**	**100%**
	2022-23			20.00	(8.21)	77.68	65.89	Nil	146.80	0.10	Nil	0.10	Nil	100%

Notes:

1. The assets and Liabilities are translated at the exchange rate prevailing at the Balance Sheet date, and income and expense items are translated at average rates of exchange for the year.
2. The reporting period of KNP Japan Pvt. Ltd, Kansai Lanka Paints Pvt. Ltd., Kansai Nerolac Paints (Bangladesh) Limited and Nerofix Private Limited are same as that of holding company i.e.1st April, 2023 to 31st March, 2024.
3. Names of subsidiaries which are yet to commence operations as at 31st March, 2024 - Nil
4. Names of subsidiaries which have been liquidated or sold during the year - Nil

Since the company does not have any Associates or Joint Ventures, information pertaining to Part "B" to this form relating to Associates and Joint Ventures is not given.

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Bhaskar Bhat
Director
DIN: 00148778

Sonia Singh
Director
DIN: 07108778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Independent Auditor's Report

To the Members of
Kansai Nerolac Paints Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kansai Nerolac Paints Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2024, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	**How our audit addressed the key audit matter**
Revenue recognition on sale of goods (as described in note 27 of the consolidated financial statements)	
Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives and returns, if any, ('variable consideration') as specified in the contracts with the customers.	Our audit procedures included, amongst others the following: • We read and evaluated the Group's policies for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers'; • We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls related to sales including variable consideration;

Independent Auditor's Report (Continued)

Key audit matters	How our audit addressed the key audit matter
An estimate of variable consideration payable to the customers is recorded as at the year-end. Such estimation is done based on the terms of contracts, rebates and discounts schemes and historical experience. We identified estimation of variable consideration as a key audit matter because the Group's management exercises judgment in calculating the said variable consideration.	• We performed the following tests for a sample of transactions relating to variable consideration: • Read the terms of contract including rebates and discounts schemes as approved by authorized personnel. • Assessed computation of variable consideration by comparing it with the budget, schemes, past trends and evaluated the reasons for deviation, if any. • We read and assessed the relevant disclosures made within the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Independent Auditor's Report (Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (Continued)

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of 3 subsidiaries, whose financial statements include total assets of Rs. 296.04 Crores as at March 31, 2024, and total revenues of Rs. 302.44 Crores and net cash outflows of Rs. 11.20 Crores for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except for the matters stated in the paragraph (vi) below on reporting under Rule 11(g);

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

Independent Auditor's Report (Continued)

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (vi) below on reporting under Rule 11(g).

(g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. The provisions of section 197 read with Schedule V to the Act are not applicable to the subsidiary company incorporated in India for the year ended March 31, 2024;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer note 35 to the consolidated financial statements;

ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2024;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2024. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the subsidiary company incorporated in India during the year ended March 31, 2024.

iv. a) The respective managements of the Holding Company and its subsidiary company which is incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief and as disclosed in the note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary company which is incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief and as disclosed in the note 45 to the consolidated financial statements, no funds have been received by the respective Holding Company or such subsidiary company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

Independent Auditor's Report (Continued)

v. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 17 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Holding Company and its subsidiary company which are companies incorporated in India whose financial statements have been audited under the Act, have used three accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in case of two accounting softwares, audit trail feature is not enabled by the Holding Company and its subsidiary company which are companies incorporated in India, for direct changes to data when using certain access rights, as described in note 47 to the consolidated financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered in respect of the accounting softwares.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 24110759BKEBAI5429

Place of Signature: Mumbai
Date: May 04, 2024

Annexure 1 to the Independent Auditor's Report

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Kansai Nerolac Paints Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company its subsidiary company incorporated in India and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

There are no qualifications or adverse remarks in the Companies (Auditor's Report) Order (CARO) report of the subsidiary company included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 24110759BKEBAI5429

Place of Signature: Mumbai
Date: May 04, 2024

Annexure 2 to the Independent Auditor's Report

Annexure 2 to the Independent Auditor's Report of even date on the consolidated financial statements of Kansai Nerolac Paints Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Kansai Nerolac Paints Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with Reference to these Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 2 to the Independent Auditor’s Report (Contd.)

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Anil Jobanputra
Partner
Membership Number: 110759
UDIN: 24110759BKEBAI5429

Place of Signature: Mumbai
Date: May 04, 2024

Consolidated Balance Sheet as at 31st March, 2024

₹ in Crores

	Note	As at 31st March, 2024		As at 31st March, 2023	
ASSETS					
Non-current Assets					
Property, Plant and Equipment	2	**1940.59**		1888.24	
Capital Work-in-progress		**149.05**		113.06	
Right of Use Assets (ROU)	3	**208.47**		182.45	
Investment Property	4	**0.12**		0.13	
Goodwill on Consolidation	5A	**19.78**		19.78	
Other Intangible Assets	5B	**13.17**		17.41	
Intangible Assets Under Development		**3.55**		–	
			2334.73		2221.07
Financial Assets:					
Investments	6	**3.72**		3.23	
Other Financial Assets	7	**20.08**		16.80	
			23.80		20.03
Non-Current Tax Assets (Net)			**187.60**		173.85
Other Non-current Assets	8		**114.50**		88.31
Total Non-current Assets			**2660.63**		2503.24
Current Assets					
Inventories	9		**1687.46**		1729.13
Financial Assets:					
Investments	10	**1322.90**		498.13	
Trade Receivables	11	**1334.88**		1237.91	
Cash and Cash Equivalents	12	**172.23**		104.61	
Bank Balances other than Cash and Cash Equivalents	13	**87.72**		22.25	
Other Financial Assets	14	**7.80**		9.40	
			2925.53		1872.30
Other Current Assets	15		**136.05**		201.64
Total Current Assets			**4749.04**		3803.07
Assets Held for Sale	5C		**0.05**		0.05
Total Assets			**7409.72**		6306.36
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	16	**80.84**		53.89	
Other Equity	17	**5501.72**		4479.81	
Equity attributable to owners of the Company		**5582.56**		4533.70	
Non-controlling Interests	17	**16.04**		26.71	
Total Equity			**5598.60**		4560.41
Liabilities					
Non-current Liabilities					
Financial Liabilities:					
Borrowings	18	**15.00**		4.69	
Lease Liabilities	22	**125.41**		99.97	
Provisions	19	**23.91**		22.76	
Deferred Tax Liabilities (Net)	20	**126.24**		111.88	
Total Non-current Liabilities			**290.56**		239.30
Current Liabilities					
Financial Liabilities:					
Borrowings	21	**105.70**		155.30	
Lease Liabilities	22	**30.31**		27.08	
Trade Payables	23				
Total Outstanding dues of Micro Enterprises and Small Enterprises		**99.88**		90.81	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**995.70**		924.74	
		1095.58		1015.55	
Other Financial Liabilities	24	**87.30**		69.74	
		1318.89		1267.67	
Other Current Liabilities	25	**167.58**		215.76	
Provisions	26	**34.09**		23.22	
Total Current Liabilities			**1520.56**		1506.65
Total Liabilities			**1811.12**		1745.95
Total Equity and Liabilities			**7409.72**		6306.36
Material Accounting Policies Accounting Policies	1				

The notes referred to above form an integral part of Consolidated Financial Statements

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Consolidated Statement of Profit and Loss for the year ended 31st March, 2024

₹ in Crores

	Note	Year ended 31st March, 2024		Year ended 31st March, 2023	
Income					
Revenue from Operations	27		**7801.44**		7542.73
Other Income	28		**91.88**		25.98
Total Income			**7893.32**		7568.71
Expenses					
Cost of Materials Consumed	29	**4556.34**		4888.68	
Purchases of Stock-in-trade		**486.99**		470.36	
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	30	**0.78**		(94.76)	
Employee Benefits Expense	31	**448.62**		377.05	
Finance Costs	32	**29.21**		29.00	
Depreciation and Amortisation Expenses	33	**190.46**		180.08	
Other Expenses	34	**1280.96**		1083.41	
Total Expenses			**6993.36**		6933.82
Profit Before Exceptional Items and Tax			**899.96**		634.89
Exceptional items	47		**661.25**		—
Profit Before Tax			**1561.21**		634.89
Tax Expense					
Current Tax	20	**369.75**		163.52	
Adjustment of tax relating to earlier periods		**—**		(2.43)	
Deferred Tax	20	**15.60**		5.33	
Total Tax Expense			**385.35**		166.42
Profit for the Year			**1,175.86**		468.47
Other Comprehensive Income					
(i) Items that will not be reclassified to Consolidated Statement of Profit and Loss					
(a) Remeasurement of Employee Defined Benefit Liability		**(6.25)**		(0.22)	
(b) Income tax relating to items that will not be reclassified to Consolidated Statement of Profit and Loss		**1.27**		(0.05)	
Net Other Comprehensive income not to be reclassified subsequently to Consolidated Statement of Profit and Loss			**(4.98)**		(0.27)
(ii) Items that will be subsequently reclassified to Consolidated Statement of Profit and Loss					
(a) Exchange Differences on translation of financial statements of foreign subsidiaries		**1.16**		10.42	
(b) Income tax relating to items that will be reclassified to Consolidated Statement of Profit and Loss		**—**		—	
Net Other Comprehensive income to be reclassified subsequently to Consolidated Statement of Profit and Loss			**1.16**		10.42
Other Comprehensive Income (net of taxes)			**(3.82)**		10.15
Total Comprehensive Income for the year			**1,172.04**		478.62
Profit Attributable to:					
Owners of the Company		**1,185.44**		473.58	
Non-Controlling Interests		**(9.58)**		(5.11)	
Profit for the year			**1,175.86**		468.47
Other Comprehensive Income attributable to:					
Owners of the Company		**(3.18)**		10.33	
Non-Controlling Interests		**(0.64)**		(0.18)	
Other Comprehensive Income for the year			**(3.82)**		10.15
Total Comprehensive Income attributable to:					
Owners of the Company		**1,182.26**		483.91	
Non-Controlling Interests		**(10.22)**		(5.29)	
Total Comprehensive Income for the year			**1,172.04**		478.62
Earnings per Share (of ₹ 1 each):	36				
Basic (in ₹)			**14.66**		5.86
Diluted (in ₹)			**14.65**		5.86
Material Accounting Policies	1				

The notes referred to above form an integral part of Consolidated Financial Statements

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2024

A. Equity Share Capital

₹ in Crores

Balance as at 1st April, 2022	**53.89**
Changes in Equity Share Capital during 2022-23	—
Balance as at the 31st March, 2023	**53.89**
Changes in Equity Share Capital during 2023-24	26.95
Balance as at the 31st March, 2024	**80.84**

B. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2023	0.30	12.56	488.51	3,969.81	3.75	4.88	4,479.81	26.71	4,506.52
Profit for the year	—	—	—	1,185.44	—	—	1,185.44	(9.58)	1,175.86
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.61)	—	—	(5.61)	(0.64)	(6.25)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	—	1.27	—	1.27
Exchange differences on translation of foreign operations	—	—	—	—	—	1.16	1.16	—	1.16
Other Comprehensive Income, (net of tax)	—	—	—	(4.34)	—	1.16	(3.18)	(0.64)	(3.82)
Total Comprehensive Income for the Year	—	—	—	1,181.10	—	1.16	1,182.26	(10.22)	1,172.04
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital	—	(12.56)	(14.39)	—	—	—	(26.95)		(26.95)
Dividends	—	—	—	(145.51)	—	—	(145.51)	(0.49)	(146.00)
Share based payment expense	—	—	—	—	12.15	—	12.15		12.15
	—	(12.56)	(14.39)	(145.51)	12.15	—	(160.31)	(0.49)	(160.80)
Balance as at 31st March, 2024	0.30	—	474.12	5005.36	15.90	6.04	5501.72	16.04	5517.76

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2022	0.30	12.56	488.51	3582.49	—	(5.54)	4078.33	19.29	4097.62
Profit for the year	—	—	—	473.58	—	—	473.58	(5.11)	468.47
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.04)	—	—	(0.04)	(0.18)	(0.22)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.05)	—	—	(0.05)	—	(0.05)
Exchange differences on translation of foreign operations	—	—	—	—	—	10.42	10.42	—	10.42
Other Comprehensive Income, (net of tax)	—	—	—	(0.09)	—	10.42	10.33	(0.18)	10.15
Total Comprehensive Income for the Year	—	—	—	473.49	—	10.42	483.91	(5.29)	478.62
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital	—	—	—	—	—	—	—	18.72	18.72
Dividends	—	—	—	(53.89)	—	—	(53.89)	(1.29)	(55.18)
Share based payment expense	—	—	—	—	3.75	—	3.75	—	3.75
Non Controlling Interest	—	—	—	(32.28)	—	—	(32.28)	(4.72)	(37.00)
Other Adjustments	—	—	—	—	—	—	—	—	—
	—	—	—	(86.17)	3.75	—	(82.42)	12.71	(69.71)
Balance as at 31st March, 2023	0.30	12.56	488.51	3,969.81	3.75	4.88	4,479.81	26.71	4,506.52

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Consolidated Statement of Cash Flow

for the year ended 31st March, 2024

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Cash Flow from Operating Activities				
Profit before tax		1,561.21		634.89
Adjustments for:				
Depreciation and Amortization Expenses	190.46		180.08	
Fair Value Gain on Financial Instruments recognised through FVTPL	(24.60)		(6.54)	
Unrealised Foreign Exchange (Gain) / Loss (net)	(1.63)		(1.11)	
Profit on Sale of Current Investments (Net)	(41.03)		(7.32)	
Interest Income	(4.45)		(2.84)	
Dividend Income	(0.04)		(0.03)	
Finance Cost	29.21		29.00	
(Profit) on Sale of Property, Plant and Equipment (Net)	(0.29)		(0.32)	
Impairment loss allowance on trade receivables	4.85		2.43	
Provisions no longer required, written back	—		(0.66)	
Share based payment	12.15		3.75	
Gain from Closure of Lease Liability	(2.18)		(0.73)	
Proceeds from Sale of Asset held for sale	(661.25)		—	
		(498.80)		195.71
Operating Profit before Working Capital Changes		1,062.41		830.60
(Increase) in Trade And Other Receivables	(51.05)		(196.94)	
Decrease / (Increase) in Inventories	41.67		(99.58)	
Increase in Trade Payables, Other Financial Liabilities and Provisions	92.07		60.72	
		82.69		(235.80)
Cash Generated from Operations		1,145.10		594.80
Direct Taxes Paid (Net of Refunds)		(242.09)		(186.55)
Net Cash Flows generated from Operating Activities		903.01		408.25
Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and Other Intangible Assets (Including Adjustments on Account of Capital Work-In-Progress, Capital Creditors and Capital Advances)	(237.00)		(123.17)	
Proceeds from Sale of Property, Plant, Equipment	0.45		1.65	
Proceeds from Sale of Asset held for sale	499.14		—	
Tax paid on Sale of Assets held for sale	(141.42)		—	
Advance for Sale of Investment Property	109.89		162.11	
Proceeds from/(Purchase of) non current Investments	0.27		(2.15)	
Purchase of current Investments	(5,157.48)		(2,782.50)	
Proceeds from Sale/Redemption of Investments	4,397.58		2,507.69	
Interest Received	4.45		2.84	
Dividend Received	0.04		0.03	
(Investment in) / Proceeds from Fixed deposits Maturity	(65.68)		6.59	
Net Cash Flows used in Investing Activities		(589.76)		(226.91)
Cash Flow from Financing Activities				
Proceeds from long-term Borrowings	15.00		–	
Repayment of long-term Borrowings	(6.25)		(6.25)	
Repayment of Current Borrowings	(51.25)		(15.59)	
Payment of Lease Liabilities	(44.74)		(37.00)	
Interest Paid	(16.09)		(18.58)	
Dividend Paid	(145.51)		(55.18)	
Net Cash Flows used in Financing Activities		(248.84)		(132.60)
Net Increase in Cash and Cash Equivalents		64.41		48.74

Consolidated Statement of Cash Flow

for the year ended 31st March, 2024

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Cash and Cash Equivalents at Beginning of the year the components being: (Refer note 12)				
Cash on Hand	**0.27**		1.11	
Cheques on hand	**22.38**		23.34	
Balances with Banks	**75.97**		51.61	
Deposit with Banks with less than 3 months maturity	**5.00**		—	
Bank overdrafts and Cash Credit (Refer Note 21)	**(67.03)**		(88.21)	
Effect of exchange rate fluctuation	**0.98**		0.98	
		37.57		(11.17)
Cash and Cash Equivalents at end of the year the components being: (Refer note 12)				
Cash on Hand	**0.44**		0.27	
Cheques on hand	**25.75**		22.38	
Balances with Banks	**145.06**		75.97	
Deposit with Banks with less than 3 months maturity	**—**		5.00	
Bank overdrafts and Cash Credit (Refer Note 21)	**(70.25)**		(67.03)	
Effect of exchange rate fluctuation	**0.98**		0.98	
		101.98		37.57
Net Increase as disclosed above		**64.41**		48.74

Debt Reconciliation Statement in accordance with Ind AS 7

₹ in Crores

	31st March, 2024	31st March, 2023
Opening Balances		
Long-term Borrowings	**4.69**	10.94
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	**88.26**	103.85
Movements		
Non-Current Borrowing	**10.31**	(6.25)
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	**(52.81)**	(15.59)
Closing Balances		
Non-Current Borrowing	**15.00**	4.69
Current Borrowings (Excluding Bank overdrafts and Cash Credit)	**35.45**	88.26

Notes:

i) Figures in brackets are outflows/deductions.

ii) The above cash flow statement is prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) -Statement of Cash Flows.

iii) Total amount of taxes paid amounts to ₹ 383.51 Crores during the year ended 31 March 2024 out of which ₹ 242.09 Crores pertains to tax cash flow from operating activities and balance amount of ₹ 141.42 Crores pertains to tax cash flow from investing activities.

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per **Anil Jobanputra**
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

A. Corporate Information

Kansai Nerolac Paints Limited (the "Holding Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act. Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The registered office of the Company is located at 28th Floor, A-Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai - 400 013, Maharashtra. The Holding Company is principally engaged in the manufacturing of Paints.

Kansai Paints Co. Ltd. is immediate and ultimate holding company of Kansai Nerolac Paints Limited and is based and listed in Japan. Financial Statements of Kansai Paints Co. Ltd. are available in public domain.

The Consolidated Financial Statements relate to Kansai Nerolac Paints Ltd (the "Holding Company") and its Subsidiary Companies, KNP Japan Private Limited, a company incorporated in Nepal in which the Holding Company has 68% equity holding, Kansai Paints Lanka (Private) Limited, a company incorporated in Sri Lanka in which the Holding Company has 60% equity holding, Kansai Nerolac Paints (Bangladesh) Limited, a company incorporated in Bangladesh in which the Holding Company has 55% equity holding and Nerofix Private Limited, a company incorporated in India in which the Holding Company has 100% equity holding, hereinafter referred to as the "Group".

The Consolidated Financial Statements for the year ended 31st March, 2024 have been reviewed by the Audit Committee and approved by the Board of Directors of the Holding Company at their meetings held on 4th May, 2024.

B. Basis of Preparation

1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (there 'Act') and other relevant provisions of the Act, as amended from time to time.

Details of Group's Accounting Policies are included in Note 1

2. Functional and Presentation Currency

The Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

3. Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for investments in mutual funds, non-trade equity shares, bonds and employee defined benefit plans, which are measured at fair values at the end of each reporting period.

4. Use of Estimates and Judgements

Critical accounting judgments and key sources of estimation uncertainty:

The preparation of the Consolidated financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the Consolidated financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

ii) Critical Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the financial statements.

Discount rate used to determine the carrying amount of the Groups's employees defined benefit obligation.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingences and Commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Group. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the consolidated financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

B. Basis of Preparation (contd.)

4. Use of estimates and judgements (contd.)

iii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful Lives of Property, Plant and Equipment

As described in Note 1(3)(c), the Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Impairment loss allowance on trade receivables

The Group makes loss allowances for credit impaired debts based on an assessment of the recoverability of trade and other receivables. The identification of credit impaired debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and credit impaired debts expenses in the period in which such estimate has been changed.

Allowances for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the consolidated financial statements.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Defined Benefit Plans

The costs and present value of the defined benefit gratuity plan and other long-term employee benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of appropriate discount rate, salary escalation rate, expected rate of return on assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, defined benefit plans are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date and the same are disclosed in Note 38, 'Employee benefits'.

C. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Holding Company and its subsidiaries as at 31st March, 2024. Subsidiaries are entities controlled by the Holding Company. The Holding Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Non-controlling Interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Group. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in non-controlling interests having a deficit balance. Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the Investments to the extent of the Holding Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

D. Recent Accounting Pronouncement

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified certain amendments to existing Ind AS via notification dated 23 March 2022. The same shall come into force from annual reporting period beginning on or after *1st April 2022* which the Company has not applied as they are not effective for annual period beginning on or after 1 April 2021. Key synopsis are as under:

- Ind AS 16 Property, Plant and Equipment - For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in statement of profit and loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets - Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies

1. Classification of Assets and Liabilities

- Ind AS 101 - First time Adoption of Ind AS - Measurement of Foreign Currency Translation Difference in case of subsidiary/ associate/ JV's date of transition to Ind AS is subsequent to that of Parent - FCTR in the books of subsidiary/associate/JV can be measured based Consolidated Financial Statements.
- Ind AS 103 - Business Combination - Reference to revised Conceptual Framework. For contingent liabilities/ levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37.

Recognition of contingent assets is not allowed.

- Ind AS 109 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

While preparing the financial statement for the year ended 31 March 2024, the above amendments are not considered for disclosure as standards notified by Ministry of Corporate Affairs, but not yet effective, in accordance with IND AS.

Schedule III to the Act, requires assets and liabilities to be classified as either Current or Non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:
   (i) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
   (ii) it is held primarily for the purpose of being traded;
   (iii) it is expected to be realised within twelve months after the reporting date; or
   (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:
   (i) it is expected to be settled in the Group's normal operating cycle;
   (ii) it is held primarily for the purpose of being traded;
   (iii) it is due to be settled within twelve months after the reporting date; or
   (iv) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(d) All liabilities other than current liabilities shall be classified as non-current.

2. Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3. Property, Plant and Equipment

(a) Recognition and Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost and then carried at the cost less accumulated depreciation and accumulated impairment, if any.

The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of property, plant and equipment.

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of property, plant and equipment till it is ready for use, the manner in which intended by management.

(b) Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

3. **Property, Plant and Equipment** (contd.)

(c) **Depreciation** (contd.)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is generally recognised in the Consolidated Statement of Profit and Loss unless it is included in the carrying amount of another asset.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparable periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Group
Buildings	30-60	20-60
Plant and Equipments	10-20	10-25
Furniture and Fixtures	10	10-15
Vehicles	10	5-10
Office Equipments	5	5-10
Computers	3-6	3-6
Assets for Scientific Research	10-20	20
Assets on Operating lease	NA	5
Tools and Appliances	10	4

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Depreciation charge for the year is displayed as depreciation on the face of Consolidated Statement of Profit and Loss.

(d) **Disposal**

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in consolidated statement of profit and loss when the item is derecognised.

4. **Investment Property**

(a) **Recognition and Measurement**

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An investment property is measured initially at its cost. The cost of an Investment Property comprises its purchase price and any directly attributable expenditure. After initial recognition, the Group chooses the cost model and carries the investment properties at the cost less accumulated depreciation and accumulated impairment, if any.

(b) **Depreciation**

After initial recognition, the Group measures all of its investment properties in accordance with Ind AS 16's requirements for cost model. The depreciable amount of an item of investment properties is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors.

The depreciation charge for each period is generally recognised in the Consolidated Statement of Profit and Loss.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparable periods are as follows:

Asset Class	Useful Lives (in years) – as per Companies Act, 2013	Useful Lives (in years) – as estimated by the Group
Buildings	30-60	30-60

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

4. Investment Property (contd.)

(c) Fair Value

Fair value of investment properties is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 3.

(d) Gain or loss on Disposal

Any gain or loss on disposal of an Investment Property is recognised in the Consolidated Statement of Profit and Loss.

5. Other Intangible Assets

(a) Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially measured at its cost and then carried at the cost less accumulated impairment, if any.

Research and Development

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Expenditure incurred on research of an internal project is recognised as an expense in Consolidated Statement of Profit and Loss, when it is incurred.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. An intangible asset arising from development is recognised if, and only if, the following criteria are met:

(a) it is technically feasibile to complete the intangible asset so that it will be available for use or sale.

(b) the Group intends to complete the intangible asset and use or sell it.

(c) the Group has ability to use or sell the intangible asset.

(d) the Group can demonstrate how the intangible asset will generate probable future economic benefits.

(e) the Group has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) the Group has ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised in Consolidated Statement of Profit and Loss as incurred.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Consolidated Statement of Profit and Loss as incurred.

(c) Amortisation

The Group amortises Other Intangible Assets on the straight line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group.The amortisation method is reviewed at each financial year-end and, if there has been any significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in accounting estimate in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives as estimated by management are as follows:

Asset Class	Useful Lives (in years) – as estimated by the Group
Software	3-5
Non-Compete	5
Brand and Technical Knowhow	5-10
Customer Relationships	5

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

6. Non-current assets or disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Group's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Consolidated Statement of Profit and Loss.

Once classified as held-for-sale, then Property, Plant & Equipment, Investment Property and Other Intangible Assets are no longer required to be amortised or depreciated.

7. Employee Benefits

(a) Short-term Employee Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(b) Post-Employment Benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(i) Provident and Family Pension Fund

The eligible employees of the Group are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Group make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the provident fund managed by the trust set up by the Group, or to the Regional Provident Fund Commissioner (RPFC) which are charged to the Consolidated Statement of Profit and Loss as incurred.

In respect of contribution to RPFC, the Group has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan. The Group's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss.

In respect of contribution to the trust set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

(ii) Superannuation

The eligible employees of the Group are entitled to receive post employment benefits in respect of superannuation fund in which the Group makes annual contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as Defined Contribution Plan as the Group has no further obligations beyond making the contribution. The Group's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Consolidated Statement of Profit and Loss.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

7. **Employee Benefits** (contd.)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Group has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Provident Fund Trust

In respect of contribution to the trust set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

(c) Retirement Benefits to Executive Directors

The liability for special retirement benefit to the Executive Directors who became entitled prior to the discontinuation of the policy, is recognised in the balance sheet at its present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected united credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest expense is calculated by applying the discount rate to the defined benefit liability. The interest expense on the defined benefit liability is recognised in the Consolidated Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(d) Other Long-term Employee Benefits – Compensated Absences:

The Group provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Group makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss.

(e) Share Based Payments

Employees of the Group receive remuneration in the form of share-based payments in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model and Monte Carle model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

8. **Inventories**

(a) Measurement of Inventory

The Group measures its inventories at the lower of cost and net realisable value.

(b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Group uses the same cost formula for all inventories having a similar nature and use to the Group.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

(c) Net Realisable Value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item. Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Group and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

9. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. For the purpose of Cash Flow Statement, Cash and Cash Equivalents includes Bank overdrafts which are repayable on demand.

10. Government Grants

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants are not be recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

11. Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

12. Revenue Recognition

Sale of Goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/delivery.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

12. Revenue Recognition (contd.)

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances,price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 39 - Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

13. Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Group operates whereas presentation currency is the currency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Group.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Consolidated Financial Statements are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Consolidated Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Consolidated Statement of Profit and Loss.

14. Taxation

Income tax

Income tax comprises current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

a. temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

b. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

14. Taxation (contd.)

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

15. Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets (ROU Assets)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	90 to 99 years
Buildings	2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 19 Impairment of non-financial assets.

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

16. Financial Instruments

(a) Recognition and initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

— amortised cost;
— Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
— Fair Value through Other Comprehensive Income – equity investment; or
— FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets: Subsequent Measurement and Gains and Losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Consolidated Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Consolidated Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial Liabilities: Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of profit and loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of profit and loss.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

16. Financial Instruments (contd.)

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Consolidated Statement of profit and loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently re-measured at fair value. Any changes therein are recognised in the Consolidated Statement of profit and loss.

17. Borrowing Cost

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognises other borrowing costs as an expense in the period in which it incurs them. Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

18. Earnings Per Share

Basic earnings per share

The Group calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Diluted earnings per share

The Group calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

For the purpose of calculating diluted earnings per share, the Group adjusts profit or loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares calculated for calculating basic earnings per share and adjusted the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

19. Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

20. Impairment Loss

Impairment of Financial Assets

The Group recognises loss allowances for expected credit losses on:

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

In accordance with Ind AS 109, the Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of Non Financial Assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate.

The Group assesses at the end of each reporting period whether there is any indication that an asset is impaired. In assessing whether there is any indication that an asset may be impaired, the Group considers External as well as Internal Source of Information. If any such indication exists, the Group estimates the recoverable amount for the individual asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Standard.

If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit). A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group recognises impairment loss for a cash-generating unit if, and only if, the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit. The Group allocates impairment loss of cash-generating units first to the carrying amount of goodwill allocated to the cash-generating units, if any, and then, to the other assets of the cash-generating units pro rata on the basis of the carrying amount of each asset in the cash-generating unit. These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised accordingly.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

Note 1: Material Accounting Policies (contd.)

21. Business Combinations

Business combinations (other than common control business combinations)

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

Common control transactions

Business combinations involving entities that are controlled by the Group are accounted for using the pooling of interests method as follows:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets and liabilities. Adjustments are only made to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

(iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

(v) The identity of the reserves are preserved and the reserves of the transferor become reserves of the transferee.

(vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

2. Property, Plant and Equipment

₹ in Crores

Description	Gross Block					Accumulated Depreciation					Net Block
	As at 1st April, 2023	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	**As at 31st March, 2024**	As at 1st April, 2023	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	**As at 31st March, 2024**	**As at 31st March, 2024**
Freehold Land	122.27	0.06	—	(0.03)	**122.30**	—	—	—	—	**—**	**122.30**
	(120.85)	(2.01)	—	0.59	(122.27)	—	—	—	—	—	(122.27)
Buildings	985.50	45.34	0.07	0.65	**1031.42**	229.75	29.76	0.06	0.33	**259.78**	**771.64**
	(901.86)	(86.01)	—	2.37	(985.50)	(202.25)	(27.73)	—	—	(229.75)	(755.75)
Plant and Equipments	1448.72	83.41	8.39	0.41	**1524.15**	599.46	68.62	8.32	0.15	**659.91**	**864.24**
	(1338.59)	(114.10)	(1.35)	2.62	(1448.72)	(536.44)	(65.82)	(0.88)	1.92	(599.46)	(849.26)
Furniture and Fixtures	25.39	4.50	1.14	(0.01)	**28.74**	19.55	1.37	1.10	—	**19.82**	**8.92**
	(24.79)	(0.85)	—	0.25	(25.39)	(18.51)	(1.17)	—	0.13	(19.55)	(5.84)
Vehicles	6.15	0.14	—	(0.02)	**6.27**	4.92	0.30	—	(0.02)	**5.20**	**1.07**
	(6.37)	(0.49)	(0.36)	0.35	(6.15)	(5.09)	(0.51)	(0.36)	0.32	(4.92)	(1.23)
Office Equipments	19.90	3.48	0.07	(0.02)	**23.29**	16.25	1.44	0.06	—	**17.63**	**5.66**
	(19.05)	(1.37)	(0.02)	0.50	(19.90)	(15.17)	(1.40)	(0.01)	0.31	(16.25)	(3.65)
Computers	60.14	16.43	0.01	0.05	**76.61**	46.17	7.39	0.01	0.04	**53.59**	**23.02**
	(53.67)	(6.53)	(0.01)	0.05	(60.14)	(41.78)	(4.43)	—	0.04	(46.17)	(13.97)
Assets for Scientific Research*	79.62	1.01	0.40	—	**80.23**	26.86	3.16	0.40	—	**29.62**	**50.61**
	(78.87)	(0.87)	(0.12)	—	(79.62)	(23.78)	(3.13)	(0.01)	0.04	(26.86)	(52.76)
Assets on Operating Lease (Refer Note 2.6)	409.99	42.08	1.98	(0.01)	**450.08**	327.92	32.55	1.98	(0.39)	**358.10**	**91.98**
	(376.04)	(40.48)	(6.55)	(0.02)	(409.99)	(303.70)	(30.71)	(6.55)	(0.06)	(327.92)	(82.07)
Colourant Machine	0.84	—	0.02	—	**0.82**	—	—	—	—	—	**0.82**
	(1.07)	(0.62)	(1.00)	(0.15)	(0.84)	—	—	—	—	—	(0.84)
Tools and Appliances	1.32	0.02	—	(0.01)	**1.33**	0.72	0.25	—	0.03	**1.00**	**0.33**
	(1.29)	(0.24)	—	0.21	(1.32)	(0.58)	(0.32)	—	0.18	(0.72)	(0.60)
Total Tangible Assets	3159.84	196.47	12.08	1.01	**3345.24**	1271.60	144.84	11.93	0.14	**1404.65**	**1940.59**
	(2922.45)	(253.57)	(9.41)	6.77	(3159.84)	(1147.07)	(135.22)	(7.81)	2.88	(1271.60)	(1888.24)

* Net block includes Buildings ₹ 23.70 Crores (2022-2023 ₹ 24.14 Crores), Plant and Equipment ₹ 24.21 Crores (2022-2023 ₹ 25.20 Crores) and Furniture and Fixtures ₹ 2.94 Crores (2022-2023 ₹ 3.62 Crores).

2.1. Figures in the brackets are the corresponding figures in respect of the previous year.

2.2. In above assets, net block for Plant and Machinery - ₹ 5.40 Crores (2022-2023: ₹ 5.60 Crores) are being secured against the term loans from banks (Refer Note 18).

2.3. In above assets, net block for Freehold Land - ₹ 11.62 Crores (2022-2023: ₹ 12.48 Crores), Buildings - ₹ 13.12 Crores (2022-2023: ₹ 16.15 Crores) are being secured against the term loans from banks (Refer Note 21).

2.4. Nil amount of borrowing costs is capitalised during the financial year.

2.5. Nil amount of impairment loss is recognised during the financial year.

2.6. The Group has given Colour Dispenser Machines on operating lease to its dealers. The Group enters into three years cancellable lease agreements. However, the corresponding lease rentals may be receivable for a shorter period or may be waived off. The minimum aggregate lease payments to be received in future is considered as Nil. Accordingly, the disclosure of the present value of minimum lease payments receivable at the Balance Sheet date is not made.

2.7. CWIP ageing schedule is not given as it is not material to the group i.e. it is not more than 10% of the respective balance sheet item in Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

3. Right of Use Assets (ROU)

₹ in Crores

Description	Gross Block					Accumulated Amortisation					Net Block
	As at 1st April, 2023	Additions	Deductions	Translation Difference	As at 31st March, 2024	As at 1st April, 2023	Additions	Deductions	Translation Difference	As at 31st March, 2024	As at 31st March, 2024
Leasehold Land*..............................	82.05	0.27	—	0.29	**82.61**	7.62	0.90	(0.05)	0.02	**8.59**	**74.02**
	(82.21)	—	—	0.16	(82.05)	(6.67)	(1.79)	—	0.84	(7.62)	(74.43)
Buildings...	181.79	71.19	28.68	(0.06)	**224.24**	73.77	35.37	19.31	(0.04)	**89.79**	**134.45**
	(152.07)	(42.13)	(11.55)	0.86	(181.79)	(53.61)	(28.62)	(9.53)	(1.07)	(73.77)	(108.02)
Total Right of Use Assets (ROU)	263.84	71.46	28.68	0.23	**306.85**	81.39	36.27	19.26	(0.02)	**98.38**	**208.47**
	(234.28)	(42.13)	(11.55)	1.02	(263.84)	(60.28)	(30.41)	(9.53)	(0.23)	(81.39)	(182.45)

3.1. Figures in the brackets are the corresponding figures in respect of the previous year.

3.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

3.3. Nil amount of impairment loss is recognised during the current and comparative periods.

4. Investment Property

₹ in Crores

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2023	Additions	Deductions*	As at 31st March, 2024	As at 1st April, 2023	Additions	Deductions	As at 31st March, 2024	As at 31st March, 2024
Freehold Land	0.03	—	—	**0.03**	—	—	—	**—**	**0.03**
	(0.07)	—	(0.04)	(0.03)	—	—	—	—	(0.03)
Leasehold Land...	0.01	—	0.01	**—**	—	—	—	—	**—**
	(0.01)	—	—	(0.01)	—	—	—	—	(0.01)
Buildings	2.23	—	0.25	**1.98**	2.14	—	0.25	**1.89**	**0.09**
	(3.39)	—	(1.16)	(2.23)	(3.29)	—	(1.15)	(2.14)	(0.09)
Total Investment Property	2.27	—	0.26	**2.01**	2.14	—	0.25	**1.89**	**0.12**
	(3.47)	—	(1.20)	(2.27)	(3.29)	—	(1.15)	(2.14)	(0.13)

4.1. Figures in the brackets are the corresponding figures in respect of the previous year.

4.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

4.3. Nil amount of impairment loss is recognised during the current and comparative periods.

4.4. During the financial year, no rental income was generated from the investment properties whereas direct operating expenses of ₹ 0.28 Crores (2022-2023 ₹ 0.21 Crores) were incurred and recorded as expense in the Standalone Statement of Profit and Loss.

4.5. Total fair value of Investment Property is ₹ 59.18 Crores (2022-2023 ₹ 729.88 Crores).

Fair Value hierarchy

The fair value of investment property has been determined by external independent property valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

The Group obtains Independent Valuations of its investment property. The fair value of the investment property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for Investment Property.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

5. Goodwill and Other Intangible Assets

5A. Goodwill on Consolidation

₹ in Crores

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1st April, 2023	Additions/ Adjustments	Deductions/ Adjustments	As at 31st March, 2024	As at 1st April, 2023	Additions/ Adjustments	Deductions/ Adjustments	As at 31st March, 2024	As at 31st March, 2024
Goodwill	0.20	—	—	**0.20**	—	—	—	—	**0.20**
	(0.20)	—	—	(0.20)	—	—	—	—	(0.20)
For KNP Japan Pvt Ltd.	2.27	—	—	**2.27**	—	—	—	**—**	**2.27**
	(2.27)	—	—	(2.27)	—	—	—	—	(2.27)
For Kansai Nerolac Paints (Bangladesh) Limited (Formerly known as RAK Paints Ltd)	17.31	—	—	**17.31**	—	—	—	**—**	**17.31**
	(17.31)	—	—	(17.31)	—	—	—	—	(17.31)
Total Goodwill on consolidation	19.78	**—**	**—**	**19.78**	**—**	**—**	**—**	**—**	**19.78**
	(19.78)	—	—	(19.78)	—	—	—	—	(19.78)

5B. Other Intangible Assets

₹ in Crores

Description	Gross Block					Accumulated Amortisation					Net Block
	As at 1st April, 2023	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	As at 31st March, 2024	As at 1st April, 2023	Additions/ Adjustments	Deductions/ Adjustments	Translation Difference	As at 31st March, 2024	As at 31st March, 2024
Software	22.54	5.09	—	0.03	**27.66**	20.10	1.81	—	0.02	**21.93**	**5.73**
	(21.36)	(1.22)	—	0.04	(22.54)	(19.38)	(0.57)	—	(0.15)	(20.10)	(2.44)
Customer Relationship	29.33	—	—	—	**29.33**	25.78	2.85	—	—	**28.63**	**0.70**
	(29.33)	—	—	—	(29.33)	(19.92)	(5.86)	—	—	(25.78)	(3.55)
Brand and Technical Knowhow	24.29	—	—	—	**24.29**	15.07	2.69	—	—	**17.76**	**6.53**
	(20.29)	(4.00)	—	—	(24.29)	(11.59)	(3.49)	—	0.01	(15.07)	(9.22)
Non-Compete	22.64	—	—	—	**22.64**	20.44	2.00	—	(0.01)	**22.43**	**0.21**
	(22.64)	—	—	—	(22.64)	(15.91)	(4.53)	—	—	(20.44)	(2.20)
Total Other Intangible Assets	98.80	5.09	—	0.03	**103.92**	81.39	9.35	—	0.01	**90.75**	**13.17**
	(93.62)	(5.22)	—	0.04	(98.80)	(66.80)	(14.45)	—	(0.14)	(81.39)	(17.41)

5.1. Figures in the brackets are the corresponding figures in respect of the previous year.

5.2. Nil amount of borrowing costs is capitalised during the current and comparative period.

5.3. Nil amount of impairment loss is recognised during the current and comparative period.

5.4. Intangible asset under development ageing schedule is not given as it is not material to the group i.e. it is not more than 10% of the respective balance sheet item in Consolidated Financial Statements

5C. Asset held for Sale

₹ in Crores

Description	2023-2024	2022-2023
Freehold Land	—	0.04
Leasehold Land	**0.01**	—
Buildings	**0.02**	0.01
Plant and Equipments	**0.02**	—
Furniture and Fixtures	**0.00**	—
Total	**0.05**	0.05

On 30th June, 2023, the Holding Company had entered into a Deed of Conveyance with Shoden Developers Private Limited, a group company of House of Hiranandani for sale of its land at Kavesar, Thane for the total consideration of ₹ 671.00 Crores. Accordingly, the profit on sale of ₹ 661.25 Crores has been disclosed as an exceptional item in the year ended 31 March 2024.

On 26th December, 2023, the Holding Company has entered into Agreement to Sell with Aethon Developers Private Limited, subsidiary of Runwal Developers Private Limited ("Purchaser") for the Company's land parcel at Lower Parel, Mumbai together with Building thereon for the total consideration of ₹ 726.00 Crores. The sale is subject to completion of conditions precedent as mentioned in the agreement. The transaction will be accounted in the period in which conditions precedent are completed.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

6. Non-current Investments

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Investments in Equity Instruments:		
i. Others at Fair value through profit or loss		
Quoted	**1.63**	0.85
Unquoted	**2.07**	2.34
Investments in Debentures:		
Quoted	**0.02**	0.04
Total Non-current Investments	**3.72**	3.23
Aggregate book value of quoted investments	**1.65**	0.89
Aggregate market value of quoted investments	**1.65**	0.89
Aggregate amount of unquoted investments	**2.07**	2.34
Aggregate amount of impairment in value of investments	**Nil**	Nil

7. Other Financial Assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Security Deposits	**20.08**	16.80
	20.08	16.80

8. Other Non-current Assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Capital Advances	**41.11**	28.27
Prepaid Expenses	**43.49**	31.46
Balances with Indirect Tax Authorities	**29.90**	28.58
	114.50	88.31

9. Inventories

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Raw Materials	**490.41**	531.19
Packing Materials	**20.38**	22.61
Work-in-progress	**157.17**	143.28
Finished Goods	**903.25**	929.08
Stock-in-trade	**100.02**	88.86
Stores and Spares	**16.23**	14.11
	1687.46	1729.13

Inventories amounting to ₹ 56.09 Crores (2022-2023 ₹ 66.44 Crores) were hypothecated as security for Borrowings from Banks (Refer Note 21)

Nil amount of inventories were written down to net realisable value during the current and comparable period. Similarly, Nil amount of reversal of write down was accounted during the current and comparable periods.

Cost of Inventory recognised as an expense during the year as per note 29 and 30.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

10. Current Investments

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
(A) Investments in Bonds at FVTPL (Quoted)	**8.93**	11.53
(B) Mutual Funds at FVTPL (Unquoted)	**1,313.97**	486.6
Total Current Investment (A + B)	**1,322.90**	498.13
Aggregate book value of quoted investments	**8.93**	11.53
Aggregate market value of quoted investments	**8.93**	11.53
Aggregate amount of unquoted investments	**1,313.97**	486.6
Aggregate amount of impairment in value of investments	**Nil**	Nil

11. Trade Receivables

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Secured, Considered Good	—	—
Unsecured, Considered Good	**1,334.88**	1,237.91
Significant Increase in Credit Risk	—	—
Credit Impaired	**56.68**	51.83
Loss Allowance	**(56.68)**	(51.83)
	1,334.88	1237.91

Trade Receivables amounting to ₹ 103.19 Crores (2022-2023 ₹ 102.22 Crores) were hypothecated as security for Borrowings from Banks (Refer Note 21)

Trade Receivables Ageing Schedule as at 31 March 2024

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	**1,050.50**	**187.20**	**59.53**	**28.74**	**6.36**	**2.55**	**1,334.88**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	**0.18**	**0.26**	**0.02**	—	**0.46**
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	**1.80**	**6.09**	**16.46**	**31.87**	**56.22**

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

11. Trade Receivables (contd.)

Trade Receivables Ageing Schedule as at 31 March 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	952.59	231.53	29.59	13.9	5.54	4.76	1,237.91
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	0.06	—	0.08	—	0.14
(iv) Disputed Trade Receivables considered good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	1.54	18.19	6.14	25.82	51.69

12. Cash and Cash equivalents

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Cash on hand	**0.44**	0.27
Cheques on hand	**25.75**	22.39
Banks balances	**146.04**	76.95
Fixed Deposit with Bank with less than 3 month maturity	**—**	5.00
	172.23	104.61

13. Bank Balance other than Cash and cash equivalents

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unpaid Dividend Accounts	**2.13**	2.34
Fixed Deposit with Bank with more than 3 months but less than 12 month maturity	**85.59**	19.91
	87.72	22.25

14. Other Current Financial Assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Security Deposits	**4.77**	7.33
GST Incentive Receivable	**0.07**	1.35
Other Receivable	**2.96**	0.72
	7.80	9.40

15. Other Current Assets

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unsecured and Considered Good:		
Balances with Indirect Tax Authorities	**30.26**	102.91
Trade Advances	**47.73**	59.14
Prepaid Expenses	**54.39**	33.30
Other Receivable	**3.67**	6.29
	136.05	201.64

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

16. Share Capital

	As at 31st March, 2024		As at 31st March, 2023	
1. Authorised Share Capital (₹ in Crores)		**85.00**		66.50
Par Value per Share (₹)		**1**		1
Number of Equity Shares		**85,00,00,000**		66,50,00,000
2. Issued, Subscribed and Fully Paid up (₹ in Crores)		**80.84**		53.89
Par Value per Share (₹)		**1**		1
Number of Equity Shares		**80,83,79,580**		53,89,19,720
3. Details of Shareholders holding more than 5% of shares:				
	%	**No. of Shares**	%	No. of Shares
Ultimate Holding Company:				
Kansai Paint Co., Ltd., Japan	**74.99**	**60,62,03,847**	74.99	40,41,35,898
4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium reserve.		**26,94,59,860**		Nil
5. The Holding Company has issued one class of shares, i.e. equity shares, which enjoys similar rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.				
6. Reconciliation of the number of shares outstanding:				
Number of shares at the beginning of the year		**53,89,19,720**		53,89,19,720
Issued during the year		**26,94,59,860**		—
Number of shares at the end of the year		**80,83,79,580**		53,89,19,720
7. Disclosure of Shareholding of Promoters:				
Name of Promoter: Kansai Paint Co., Ltd., Japan				
Details of shares held by promoters:				
No. of shares at the beginning of the year		**40,41,35,898**		40,41,35,898
Change during the year*		**20,20,67,949**		—
No. of shares at the end of the year		**60,62,03,847**		40,41,35,898
% of Total Shares		**74.99**		74.99
% change during the year		**50.00**		—
* the change is due to issue of Bonus shares during the year				
8. Capital Management:				
For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Group. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the levels of dividends to equity shareholders.				
As at March 31, 2024, the Group has only one class of equity shares. In order to maintain or achieve an optimal structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.				
The Group monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.				
Non-current Borrowings		**15.00**		4.69
Current Borrowings		**105.70**		155.29
Gross Debt		**120.70**		159.98
Less : Cash and Cash Equivalent		**172.23**		104.60
Less : Other Bank Deposits		**85.59**		19.91
Adjusted Net Debt		**(137.12)**		35.47
Total Equity		**5,598.60**		4560.42
Adjusted Net Debt - Equity Ratio		**(0.024)**		0.008

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

17. Other Equity

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2023	**0.30**	**12.56**	**488.51**	**3,969.81**	**3.75**	**4.88**	**4,479.81**	**26.71**	**4,506.52**
Profit for the year	**—**	**—**	**—**	**1,185.44**	—	—	**1,185.44**	**(9.58)**	**1,175.86**
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(5.61)	—	—	(5.61)	(0.64)	**(6.25)**
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	1.27	—	—	1.27	—	**1.27**
Exchange differences on translation of foreign operations	—	—	—	—	—	1.16	1.16	—	**1.16**
Other Comprehensive Income, (net of tax)	**—**	**—**	**—**	**(4.34)**	**—**	**1.16**	**(3.18)**	**(0.64)**	**(3.82)**
Total Comprehensive Income for the Year	**—**	**—**	**—**	**1,181.10**	**—**	**1.16**	**1,182.26**	**(10.22)**	**1,172.04**
Transaction with Owners in their Capacity as Owners:									
Issue of Share Capital	—	(12.56)	(14.39)	—	—	—	(26.95)	—	**(26.95)**
Dividends	—	—	—	(145.51)	—	—	(145.51)	(0.49)	**(146.00)**
Share based payment expense	—	—	—	—	12.15	—	12.15	—	**12.15**
	—	**(12.56)**	**(14.39)**	**(145.51)**	**12.15**	**—**	**(160.31)**	**(0.49)**	**(160.80)**
Balance as at 31st March, 2024	**0.30**	**—**	**474.12**	**5,005.36**	**15.90**	**6.04**	**5,501.72**	**16.04**	**5,517.76**

₹ in Crores

	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total attributable to owners of the Company	Attributable to NCI	Total
Balance as at 1st April, 2022	0.30	12.56	488.51	3582.49	—	(5.54)	4078.33	19.29	4097.62
Profit for the year	—	—	—	473.58	—	—	473.58	(5.11)	468.47
Other Comprehensive Income:									
Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.04)	—	—	(0.04)	(0.18)	(0.22)
Deferred Tax on Remeasurement of Employee Defined Benefit Liability	—	—	—	(0.05)	—	—	(0.05)	—	(0.05)
Exchange differences on translation of foreign operations	—	—	—	—	—	10.42	10.42	—	10.42
Other Comprehensive Income, (net of tax)	—	—	—	(0.09)	—	10.42	10.33	(0.18)	10.15
Total Comprehensive Income for the Year	—	—	—	473.49	—	10.42	483.91	(5.29)	478.62
Transaction with Owners in their Capacity as Owners:									
Issue of share capital	—	—	—	—	—	—	—	18.72	18.72
Dividends	—	—	—	(53.89)	—	—	(53.89)	(1.29)	(55.18)
Share based payment expense	—	—	—	—	3.75	—	3.75	—	3.75
Non Controlling Interest	—	—	—	(32.28)	—	—	(32.28)	(4.72)	(37.00)
	—	—	—	(86.17)	3.75	—	(82.42)	12.71	(69.71)
Balance as at 31st March, 2023	0.30	12.56	488.51	3,969.81	3.75	4.88	4,479.81	26.71	4506.52

Analysis of Accumulated OCI, Net of Tax

₹ in Crores

Remeasurement of Employee Defined Benefit Liability	**As at 31st March, 2024**	As at 31st March, 2023
Opening Balance	**(8.99)**	(8.72)
Remeasurement of Employee Defined Benefit Liability, net of tax	**(4.98)**	(0.27)
Closing Balance	**(13.97)**	(8.99)

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

17. Other Equity (contd.)

₹ in Crores

Exchange differences on translation of foreign operations	As at 31st March, 2024	As at 31st March, 2023
Opening Balance	**4.88**	(5.54)
Exchange Difference on translation of foreign operations	**1.16**	10.42
Closing Balance	**6.04**	4.88

Capital Reserve
Capital reserve includes profit on re-issue of forfeited shares.

Securities Premium
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve
Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Group for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Share Based Payment Reserve
The Group recognises compensation expense relating to share based payments in accordance with Ind AS 102 Share-based Payment. Stock options granted by the Holding Company to its employees are accounted as equity settled options. Accordingly, the estimated fair value of options granted that is determined on the date of grant, is charged to statement of Profit and Loss on a straight line basis over the vesting period of options which is the requisite service period, with a corresponding increase in equity.

Foreign Currency Transaction Reserve
These comprise of all exchange differences arising from translation of financial statements of foreign subsidiaries.

Dividend
For the year 2022-2023, the Directors had recommended and Shareholders had approved a final dividend of 270% (₹ 2.70 per share), which has been accounted in current year.

The Board has recommended final dividend of 375% (₹ 3.75 per share) including special dividend of 125% (₹ 1.25 per share) for the financial year ended March 31, 2024 as compared to total dividend of 270% (₹ 2.75 per share) declared last year.

The dividend proposed by the Directors is subject to approval of Shareholders at the annual general meeting. The proposed dividend of ₹ 303.15 Crores (2022-2023 ₹ 145.50 Crores) have not been recognised as liabilities.

Issue of Bonus Shares
The shareholders of the Company approved the issue of bonus shares on 15th June, 2023 in proportion of 1 equity share for every 2 equity shares held. These bonus shares have been allotted subsequently on 5th July, 2023. Accordingly, the basic and diluted earnings per share have been adjusted for all the periods presented, for the bonus shares allotted in accordance with Ind AS-33 "Earnings per share" as notified by the Ministry of Corporate Affairs.

18. Non-Current Borrowings

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
a. Term Loans from Banks & NBFC*	**15.00**	4.69
* Secured Loans from Bank at average interest rate of 9.50% (2022-2023: 9.50%) secured by first charge of Plant and Equipments at the units for the purpose of acquisition of assets under business combination repayable by quarterly instalment from February 2021, where the last instalment is payable in November 2024. Current Maturities of these Term Loans is provided separately in Note 21.		
* Secured Loans from NBFC at interest rate of 10.5% (2022-2023: 0%) . Loan is payable after 2 year moratorium and in 36 months till 15th March, 2029 in 12 quarterly installments along with interest payable monthly. Term Loan is secured by following primary security is Property at Rudrapur & Dadra Nagar Haveli plant with second pari - passu charge on entire current assets, present and future of the company.		
	15.00	4.69

19. Provisions

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Provision for Compensated Absences (Refer note 38)	**—**	0.22
Provision for Gratuity (Refer note 38)	**3.35**	1.41
Provision for Special Retirement Benefits - Directors	**20.56**	21.13
	23.91	22.76

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

20. Income Taxes

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
A. The major components of income tax expense for the year are as under:		
(i) Income tax recognised in the Consolidated Statement of Profit and Loss		
Current tax:		
In respect of current year	**369.75**	163.52
In respect of earlier years	**—**	(2.43)
Deferred tax:		
In respect of current year	**15.60**	5.33
Income tax expense recognised in the Consolidated Statement of Profit and Loss	**385.35**	166.42
(ii) Income tax expense recognised in OCI		
Deferred tax expense on remeasurements of defined benefit plans	**1.27**	(0.05)
Income tax expense recognised in OCI	**1.27**	(0.05)
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit before tax	**1,561.26**	634.88
Income tax expense calculated at 25.17% (2022-2023 @ 25.17%)	**392.97**	159.80
Tax effect on non-deductible expenses	**7.74**	1.82
Effect of Income that is exempted from tax	**(0.15)**	(0.15)
Impact of Tax on different rates on components	**(4.61)**	2.62
Impact of Tax due to loss in components	**8.16**	5.29
Effect of differential tax rate on sale of land	**(14.15)**	—
Others	**(4.61)**	(2.96)
Total	**385.35**	166.42
Tax expense as per Consolidated Statement of Profit and Loss	**385.35**	166.42

The tax rate used for reconciliation above is the corporate tax rate of 25.17% (2022-2023 25.17%) payable by corporate entities in India on taxable profits under Indian tax law.

C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

₹ in Crores

Particulars	Balance Sheet 01.04.2023	Statement of Profit & Loss 2023-2024	OCI 2023-2024	Balance Sheet 31.03.2024
Difference between written down value/capital work in progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act,1961..	(134.82)	(6.77)	—	(141.59)
Tax adjustment on account on indexation of freehold land	21.25	(7.73)	—	13.52
Expense claimed for tax purpose on payment basis	4.74	1.44	—	6.18
Provision for doubtful debts and Advances	9.66	1.26	—	10.92
Remeasurement benefit of the employee defined benefit plans through OCI	2.03	—	1.27	3.30
Deferred Tax on Distributable Accumulated Reserves of Subsidiaries	(2.78)	(0.13)	—	(2.91)
Deferred tax Liability due to Purchase Price Allocation Adjustment	(13.86)	0.45	—	(13.41)
Lease Rentals	3.76	1.06	—	4.82
Net fair value loss on investment through FVTPL	(1.91)	(5.16)	—	(7.07)
MAT Credit Entitlement	0.02	(0.02)	—	—
Deferred tax (expense)/income Net Deferred tax liabilities	(111.88)	(15.60)	1.27	(126.24)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

20. Income Taxes (contd.)

₹ in Crores

Particulars	Balance Sheet	Statement of Profit & Loss	OCI	Balance Sheet
	01.04.2022	2022-2023	2022-2023	31.03.2023
Difference between written down value/capital work in progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act,1961.	(127.15)	(7.67)	—	(134.82)
Tax adjustment on account on indexation of freehold land	19.47	1.78	—	21.25
Expense claimed for tax purpose on payment basis	5.87	(1.13)	—	4.74
Provision for doubtful debts and Advances	8.80	0.86	—	9.66
Remeasurement benefit of the employee defined benefit plans through OCI	2.08	—	(0.05)	2.03
Deferred Tax on Distributable Accumulated Reserves of Subsidiaries	(2.71)	(0.07)	—	(2.78)
Deferred tax Liability due to Purchase Price Allocation Adjustment	(15.45)	1.59	—	(13.86)
Lease Rentals	3.13	0.63	—	3.76
Net fair value loss on investment through FVTPL	(0.57)	(1.34)	—	(1.91)
MAT Credit Entitlement	—	0.02	—	0.02
Deferred tax (expense)/income **Net Deferred tax liabilities**	(106.49)	(5.33)	(0.05)	(111.88)

21. Borrowings

₹ in Crores

	As at 31st March, 2024		As at 31st March, 2023	
From Banks				
Term Loans*	**30.76**		82.01	
Overdraft #	**70.25**		67.04	
Current Maturities of Long-term Borrowings	**4.69**		6.25	
		105.70		155.30
		105.70		155.30

* The Group has obtained at 10.25% - 13.00% (2022-2023 8.50% - 10.30%) term loans from bank to fund short-term fund requirement, secured by personal guarantee of local directors incase of foreign subsidiaries and hypothecation of trade receivable (Refer Note 11) and inventories (Refer Note 9). These term loans are repayable within 180 days from date of issue of such term loans.

The Group has obtained at 11.00% - 13.00% (2022-2023 8.50% - 22.40%) overdrafts and cash credit facilities from bank to fund working capital requirements, secured by personal guarantee of local directors incase of foreign subsidiaries, corporate guarantee by the Holding Company (Refer Note 35), hypothecation of trade receivable(refer Note 11) and inventories(Refer Note 9), pledging of Freehold Land and Building(Refer Note 2.3). These facilities are repayable on demand.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

22. Disclosure of Lease as per Ind AS 116

The following is the summary of practical expedients elected on application:

(i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(ii) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 March 2024 is 8.50% (31st March 2023: 8.50%)

The changes in the carrying value of right of use (ROU) assets for the year ended 31 March 2024 and 31 March 2023 are disclosed in Note 3.

Particulars	**Amount as at 31st March, 2024**	Amount as at 31st March, 2023
ROU Balance at the beginning of the year	**182.45**	174.00
Additions (Refer Note 3)	**71.46**	42.13
Deletions (Net off accumulated depreciation) (Refer Note 3)	**(9.42)**	(2.02)
Amortisation cost accrued during the year	**(36.27)**	(30.41)
Translation difference	**0.25**	(1.25)
ROU Balance at the end of the year	**208.47**	182.45
Lease Liabilities at the beginning of the year	**127.05**	115.71
Additions	**71.46**	42.13
Interest cost accrued during the year	**13.12**	10.42
Payment of lease liabilities	**(44.74)**	(37.00)
Deletion	**(11.17)**	(4.21)
Lease Liabilities at the end of the year	**155.72**	127.05
Current Lease Liabilities	**30.31**	27.08
Non-Current Lease Liabilities	**125.41**	99.97
Total Lease Liabilities	**155.72**	127.05

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases or cancelable in nature was ₹ 20.46 Crores (2022-2023 ₹ 17.81 Crores)

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	**Amount as at 31st March, 2024**	Amount as at 31st March, 2023
Not later than one year	**41.83**	36.43
Later than one year and not later than five years	**109.83**	91.68
Later than five years	**59.58**	31.83

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

23. Trade Payables

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Trade Payables		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 41)	**99.88**	90.81
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**995.70**	924.74
	1095.58	1015.55

* Includes Acceptances ₹ 56.03 Crores (2022-2023 ₹ 54.31 Crores)

Trade Payable Ageing Schedule
As at 31 March 2024

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	**99.88**	—	—	—	—	**99.88**
(ii) Others	**175.35**	**624.47**	**184.51**	**10.35**	**0.50**	**0.52**	**995.70**
(iii) Disputed dues - MSME	—	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—	—

Trade Payable Ageing Schedule
As at 31 March 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	90.81	—	—	—	—	90.81
(ii) Others	161.45	588.20	174.27	0.44	0.36	0.02	924.74
(iii) Disputed dues - MSME	—	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	—	—

24. Other Financial Liabilities

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Unclaimed/Unpaid Dividends*	**2.63**	2.17
Trade Deposits	**50.02**	50.08
Creditors for Capital Goods @ (Refer Note 41)	**34.45**	17.24
Other Current Liabilities	**0.20**	0.25
	87.30	69.74

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.
@ Includes Outstanding dues of Micro Enterprises and Small Enterprises ₹ 3.13 Crores (2022-2023 ₹ 3.96 Crores)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

25. Other Current Liabilities

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Statutory Obligations*	**43.25**	35.98
Trade Receivables with Credit Balance	**14.44**	17.67
Advance received against Sale of Land	**109.89**	162.11
	167.58	215.76

* Includes payable toward GST, TDS and Employee Related Statutory Obligations.

26. Provisions

₹ in Crores

	As at 31st March, 2024		As at 31st March, 2023	
Provision for Compensated Absences (Refer note 38)		**19.49**		16.08
Provision for Gratuity (Refer note 38)		**10.22**		2.76
Provision for Special Retirement Benefits - Directors		**1.94**		1.94
Provision for Indirect Taxes:				
Opening Balance	**2.44**		3.87	
Add: Provision during the year	**—**		—	
Less: Utilisation/reversal during the year	**—**		1.43	
		2.44		2.44
		34.09		23.22

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

27. Revenue from Operations

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Sale of Products				
Sales	**8,724.09**		8,483.19	
Less: Discounts and Rebates	**955.63**		977.97	
Total Sale of Products		**7,768.46**		7,505.22
Other Operating Revenues				
Sale of Scrap	**27.58**		28.12	
GST Incentives	**—**		2.47	
Others	**5.40**		6.92	
		32.98		37.51
Revenue from Operations		**7,801.44**		7,542.73

27.1. Disaggregation of revenue from contracts with customers

The Group derives revenue from sales of products from following major segments:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
1) Revenue from contracts with customers:		
Sale of products (Transferred at point in time)		
Manufacturing		
India	**6,904.12**	6,646.45
Asia (Other than India)	**302.65**	345.50
(A)	**7,206.77**	6,991.95
Trading		
India	**555.65**	503.58
Asia (Other than India)	**6.04**	9.69
(B)	**561.69**	513.27
(C) = (A) + (B)	**7,768.46**	7,505.22
2) Other Operating Revenue		
Sale of scrap and empties	**27.58**	28.12
GST Incentive	**—**	2.47
Others	**5.40**	6.92
(D)	**32.98**	37.51
Total Revenue (C) + (D)	**7,801.44**	7,542.73
Major Product lines		
Paints	**7,768.46**	7,505.22
	7,768.46	7,505.22
Sales by performance obligations		
Upon delivery	**7,768.46**	7,505.22
	7,768.46	7,505.22
Reconciliation of revenue from contract with customer		
Revenue from contract with customer as per the contract price	**8,724.09**	8,483.19
Adjustments made to contract price on account of :-		
a) Discounts/ Rebates/ Incentives	**(955.63)**	(977.97)
b) Other Operating Revenue	**32.98**	37.51
Revenue from contract with customer as per the Consolidated Statement of Profit and Loss	**7,801.44**	7,542.73

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

28. Other Income

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Dividend Income				
Dividend from Equity Shares recognised through FVTPL.......		**0.04**		0.03
Interest Income				
Interest on Loans and Deposit at amortised cost..................	**3.87**		2.26	
Interest on Bonds recognised through FVTPL	**0.58**		0.58	
		4.45		2.84
Profit on Sale of Current Investments (Net)................................		**41.03**		7.32
Fair Value Gain on Financial Instruments recognised through FVTPL		**24.60**		6.55
Other Non-operating Income				
Profit on Sale of Property, Plant and Equipment (Net)...........	**0.29**		0.32	
Foreign Exchange Gain (Net)	**10.99**		—	
Insurance Claims Received	**5.16**		5.01	
Miscellaneous Income..	**5.32**		3.91	
		21.76		9.24
		91.88		25.98

29. Cost of Materials Consumed

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Raw Material Consumed				
Opening Stock..	**531.19**		527.01	
Add: Purchase..	**4007.72**		4341.95	
Less: Sales...	**11.78**		9.08	
Less: Closing Stock..	**490.41**		531.19	
		4036.72		4328.69
Packing Material Consumed				
Opening Stock..	**22.61**		22.94	
Add: Purchase..	**517.39**		559.66	
Less: Closing Stock..	**20.38**		22.61	
		519.62		559.99
		4556.34		4888.68

30. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

₹ in Crores

	Year ended 31st March, 2024		Year ended 31st March, 2023	
Opening Stock				
Finished Goods..	**929.08**		849.06	
Work-in-progress..	**143.28**		142.74	
Stock-in-trade (in respect of goods acquired for trading).........	**88.86**		74.66	
		1161.22		1066.46
Less: Closing Stock				
Finished Goods..	**903.25**		929.08	
Work-in-progress..	**157.17**		143.28	
Stock-in-trade (in respect of goods acquired for trading).........	**100.02**		88.86	
		1160.44		1161.22
		0.78		(94.76)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

31. Employee Benefits Expense

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Salaries and Wages	**384.07**	327.60
Contribution to Provident and Other Funds (Refer Note 38)	**27.71**	26.30
Share based Payments to Employees	**12.15**	3.75
Staff Welfare Expense	**24.69**	19.40
	448.62	377.05

32. Finance Cost

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Interest on Bank Borrowings	**16.09**	18.58
Interest on Lease Liability (Refer Note 22)	**13.12**	10.42
	29.21	29.00

33. Depreciation and Amortisation

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Depreciation on Property, Plant and Equipment	**144.84**	135.22
Amortisation on Other Intangible Assets	**9.35**	14.45
Amortisation on Right of use assets (ROU) (Refer Note 22)	**36.27**	30.41
	190.46	180.08

34. Other Expenses

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Consumption of Stores and Spare Parts	**37.08**	33.07
Power and Fuel	**97.79**	89.64
Repairs to Buildings	**0.85**	0.64
Repairs to Machinery	**18.36**	16.35
Freight and Forwarding Charges	**416.58**	368.44
Advertisement and Sales Promotion	**386.08**	300.15
Rent	**20.46**	17.81
Rates and Taxes	**2.97**	2.88
Insurance	**13.43**	15.00
Miscellaneous Expenses	**287.36**	239.43
	1280.96	1083.41

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

34.1. Payments to Auditors'

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
Auditors' Remuneration excluding GST (Included in Miscellaneous Expenses in Note 34)		
As Auditor		
Statutory Audit	**0.53**	0.53
Report under Section 44AB of the Income-tax Act, 1961	**0.05**	0.04
Limited Review of Quarterly Results	**0.27**	0.26
In other capacity		
Certification	**0.08**	0.08
Other Matters	**0.12**	0.15
Reimbursements of Expenses	**0.05**	0.03
	1.10	1.09

35. Contingent Liabilities and commitments (to the extent not provided for)

₹ in Crores

	Year ended 31st March, 2024	Year ended 31st March, 2023
A. Claims against the Group not acknowledged as debt:		
Excise and Service Tax	**8.59**	8.59
Sales Tax	**18.26**	18.26
Income Tax	**3.44**	3.16
Customs Duty	**0.61**	0.61
GST	**0.44**	—
The Group has made adequate provisions in the accounts for claims against the Company related to direct and indirect taxes matters, except for certain claims not acknowledged as debts, totalling to ₹ 31.34 Crores (2022-2023 ₹ 30.62 Crores) from the Excise/Service Tax/Sales Tax/GST Authorities, in respect of disallowance of Cenvat Credit of Excise/Service Tax and Input Tax Credit of Sales Tax/GST. In addition, the Company is subject to other legal proceedings in respect of other matters arisen in the ordinary course of business. The Company's management is of the opinion that ultimate liability in respect of these litigations shall not exceed the amount provided in books of account, and shall not have any material adverse effect on the Company's operation and financial position.		
B. Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	**143.44**	36.36
Corporate guarantee		
Stand by Letter of Credit (SBLC) given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited) – Subsidiary Company	**22.53**	22.76
Corporate guarantee given to Bank for loan taken by Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited) – Subsidiary Company	**70.66**	9.01
Corporate guarantee given to Bank for Kansai Paints Lanka (Private) Limited - Subsidiary Company	**9.66**	8.73
Others Commitment		
Unexpired Letter of Credit	**17.32**	28.77
Bank Guarantee	**5.58**	6.80
Disputed Claim	**0.27**	0.27
	300.80	143.32
C. Contribution to Provident Fund as per Supreme Court Judgment There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated February 28, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Group.		

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

36. Earnings Per Equity Share

	Year ended 31st March, 2024	Year ended 31st March, 2023
Basic Earnings per Equity Share before Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**665.61**	473.58
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,83,79,580**	80,83,79,580
Basic Earnings per Equity Share (in ₹)	**8.23**	5.86
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**665.61**	473.58
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	**80,90,58,712**	80,89,98,294
Diluted Earnings per Equity Share (in ₹)	**8.23**	5.86
Basic Earnings per Equity Share after Exceptional Item (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**1185.44**	473.58
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	**80,83,79,580**	80,83,79,580
Basic Earnings per Equity Share (in ₹)	**14.66**	5.86
Diluted Earnings per Equity Share (in ₹)		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	**1185.44**	473.58
Denominator:		
Weighted Average Number of ordinary shares and dilutive shares	**80,90,58,712**	80,89,98,294
Diluted Earnings per Equity Share (in ₹)	**14.65**	5.86

EPS for previous year has been calculated considering face value of share of ₹ 1 each and has been restated on account of bonus issue.

37. Related Party Disclosures

A related party is a person or entity that is related to the entity that is preparing its Financial Statements

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

  A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

37. Related Party Disclosures (contd.)

Parent and ultimate controlling entity

Name	% Shareholding 2024	% Shareholding 2023	Type	Principal Activities	Place of Incorporation
Kansai Paints Co., Ltd.	**74.99**	74.99	Parent and ultimate controlling entity	Manufacturing Paints	Japan

Kansai Paints Co., Ltd. is the immediate and ultimate holding company of Kansai Nerolac Paints Limited

Fellow Subsidiary Companies

Name	Type	Principal Activities	Place of Incorporation
Kansai Paint Philippines Inc.	Fellow Subsidiary	Manufacturing Paints and other related products	Philippines
Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	Manufacturing Paints and other related products	Malaysia
Kansai Plascon Kenya Ltd.	Fellow Subsidiary	Manufacturing Paints and other related products	Kenya

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel includes (1) Mr. P. P. Shah, Chairman (2) Mr. Anuj Jain, Wholetime Director (Managing Director,(3) Mr. N. N. Tata, Director upto 10th August 2022 (4) Ms. Sonia Singh, Director, (5) Mr. Bhaskar Bhat, Director w.e.f 10th August 2022 (6) Mr. P. D. Pai, CFO and (7) Mr. G. T. Govindarajan, Company Secretary.

Other entities where significant influence exist

— Kansai Nerolac Paints Limited Provident Fund

Transaction with Related Party:

₹ in Crores

Transaction Type	Relation	2023-2024	2022-2023
Sale of finished goods/Intermediates			
— Kansai Paint Philippines Inc.	Fellow Subsidiary	**4.43**	2.82
— Helios RUS LLC	Fellow Subsidiary	**0.39**	—
— PT Kansai Prakarsa Coating	Fellow Subsidiary	**0.01**	—
Purchase of Goods			
— Helios Tovarna Barv, Lako	Fellow Subsidiary	**0.01**	—
Dividend Paid			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**109.12**	40.41
Transfer under license agreements Royalty Expense			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**25.49**	22.26
Technical Fees Including Reimbursement of Expenses			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.29**	0.42
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	**—**	**0.01**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

37. Related Party Disclosures(contd.)

Transaction with Related Party: (contd.)

Transaction Type	Relation	2023-2024	2022-2023
Issue of Bonus Shares			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**20.21**	—
Reimbursement of Expenses Recovered			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.69**	—
Contributions during the year (includes Employees' share and contribution)			
— Kansai Nerolac Paints Limited Provident Fund	Other entities	**1.31**	1.38
Amount of outstanding balances, including commitments in settlement			
Receivable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**1.69**	—
— Kansai Paint Philippines Inc.	Fellow Subsidiary	**0.89**	0.44
Payable as at Year End			
— Kansai Paint Co., Ltd., Japan	Parent and ultimate controlling entity	**0.19**	0.19
— Kansai Paint Asia Pacific SDN.BHD.	Fellow Subsidiary	**—**	0.01
Key Management Personnel			
— Employee Benefits #..			
Mr. Anuj Jain, Managing Director		**5.24**	3.34
Mr. P. D. Pai Chief Financial Officer		**2.07**	1.67
Mr. G. T. Govindarajan Company Secretary		**1.04**	0.89
— Commission and Fee for attending Board / Committee Meetings to Independent Directors..			
Mr. P. P. Shah, Chairman		**0.50**	0.45
Mr. N. N. Tata, Independent Director (Upto 10th August 2022)		**—**	0.37
Ms. Sonia Singh, Independent Director		**0.46**	0.40
Mr. Bhaskar Bhat, Independent Director (W.e.f. 10th August 2022)		**0.31**	0.03

Related Party Transactions:

Related party transactions were made on terms equivalent to those that prevail in an arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash.

Includes commission paid for the previous year, group's contribution to Provident Fund and Superannuation Fund and excludes accrual for commission for the current year and restricted stock units (RSU) to KMP's in accordance with the Kansai Nerolac Paints Limited - Restricted Stock Unit Plan ('RSU 2022 Plan'), However, such RSU's units would vest after fulfillment of vesting conditions in accordance with the RSU Plan 2022.

As the future liabilities for gratuity, leave encashment and Director pension along with medical benefits are provided on an actuarial valuation basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

38. Employee Benefits

A. Defined Contribution Plans:

Contribution to defined contribution plan, recognised in the Consolidated Statement of Profit and Loss under Groups Contribution to Provident Fund and Other Funds in Employee Benefits Expenses for the year are as under:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Employer's contribution to Regional Provident Fund Commissioner	**8.57**	6.20
Employer's contribution to Family Pension Fund	**5.33**	4.73
Employer's contribution to Superannuation Fund	**4.50**	8.26

B. Defined Benefit Plans:

a. Gratuity

The following tables setout the funded status of the gratuity plans and the amounts recognised in the Group's Financial Statements as at 31 March, 2024 and 31 March, 2023:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Change in Defined Benefit Obligation		
Defined Benefit Obligation at the beginning	**46.68**	42.62
Current Service Cost	**5.74**	3.99
Interest Expense	**3.34**	2.86
Benefit Payments from Plan Assets	**(4.57)**	(3.80)
Remeasurements - Actuarial (gains)/ losses	**7.67**	1.01
Defined Benefit Obligation at the end	**58.86**	46.68
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning	**42.51**	47.55
Interest Income	**3.12**	3.06
Employer Contributions	**3.01**	2.46
Benefit Payments from Plan Assets	**(4.77)**	(10.47)
Increase/(Decrease) due to Plan combination	**—**	(0.06)
Remeasurements – Return on plan assets excluding amounts included in interest income	**1.42**	(0.03)
	45.29	42.51
Net Asset/(Liability)	**(13.57)**	(4.17)

Components of Defined Benefit Cost recognized in the Consolidated Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Current Service Cost	**5.74**	3.99
Net Interest Cost	**0.22**	(0.20)
Defined Benefit Cost recognised in the Consolidated Statement of Profit and Loss	**5.96**	3.79

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

38. Employee Benefits (contd.)

B. Defined Benefit Plans (contd.)

a. Gratuity (contd.)

Components of Defined Benefit Cost recognised in the Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Actuarial (gains)/losses on Defined Benefit Obligation	**7.67**	1.01
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	**(1.42)**	0.03
Defined Benefit Cost recognised in the Statement of Other Comprehensive Income	**6.25**	1.04

The assumptions used to determine net periodic benefit cost are set out below:

Particulars	Valuation Date	
	31st March, 2024	31st March, 2023
Discount Rate	**7.22% to 12.00%**	7.51% to 23.00%
Salary Escalation	**7.50% to 10.00%**	7.50% to 15.00%
Weighted average duration of the defined benefit obligation (years)	**9.07**	9.13

Sensitivity Analysis:

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Discount Rate, Salary Escalation Rate and Withdrawal Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

₹ in Crores

Scenario	31st March, 2024	31st March, 2023
Under Base Scenario	**58.64**	45.55
Salary Escalation - Up by 1%	**64.17**	49.75
Salary Escalation - Down by 1%	**53.96**	41.94
Withdrawal Rates - Up by 1%	**58.51**	45.47
Withdrawal Rates - Down by 1%	**58.79**	45.59
Discount Rates - Up by 1%	**54.04**	42.00
Discount Rates - Down by 1%	**64.24**	49.76

Maturity Profile of Defined Benefit Obligations

Mortality Table	31st March, 2024		31st March, 2023	
Attained Age	Male	Female	Male	Female
20	**0.09%**	**0.09%**	0.09%	0.09%
25	**0.09%**	**0.09%**	0.09%	0.09%
30	**0.10%**	**0.10%**	0.10%	0.10%
35	**0.12%**	**0.12%**	0.12%	0.12%
40	**0.17%**	**0.17%**	0.17%	0.17%
45	**0.26%**	**0.26%**	0.26%	0.26%
50	**0.44%**	**0.44%**	0.44%	0.44%
55	**0.75%**	**0.75%**	0.75%	0.75%
60	**1.12%**	**1.12%**	1.12%	1.12%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

38. Employee Benefits (contd.)

a. **Gratuity** (contd.)

The Holding Company contributes all ascertained liabilities towards gratuity to the fund maintained by the Life Insurance Corporation of India. Other companies in the Group have not funded their liabilities.

The Group expects to contribute ₹ 10.17 Crores (2022-2023 ₹ 2.70 Crores) to the fund during the subsequent accounting year.

b. **Provident fund (Managed by the Trust set up by the Group)**

The Holding Company has contributed ₹ 1.31 Crores (2022-2023 ₹ 1.38 Crores) to the Provident Fund Trust. The Holding Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall.

The details of fund and plan asset position are given below:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Plan assets at period end, at fair value	**74.11**	51.05
Present value of benefit obligation at period end	**71.65**	49.35
Asset recognised in balance sheet	**Nil**	Nil

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Discount Rate (%)	**6.63**	7.30
Guaranteed Interest Rate (%)	**8.10**	8.15
Expected Average Remaining Working Lives of Employees (Years)	**11.07**	8.30

The Group other than the Holding Company in India contributes all ascertained liabilities towards provident fund as per rules and regulations inforce in respective countries amounting to ₹ 1.49 Crores (2022-2023: ₹ 1.35 Crores) to respective provident authority.

C. **Retirement Benefits to Executive Directors**

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening defined benefit obligation	**23.08**	24.22
Current service cost	**—**	—
Past Service Cost	**—**	—
Interest Expense	**1.61**	1.63
Remeasurement (gain)/loss	**(0.21)**	(0.82)
Benefits paid	**(1.98)**	(1.95)
Closing defined benefit obligation	**22.50**	23.08

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

38. Employee Benefits (contd.)

C. Retirement Benefits to Executive Directors (contd.)

Components of cost of Retirement Benefits to Executive Directors recognized in the Consolidated Statement of Profit and Loss under Employee Benefit Expenses:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Current Service Cost	—	—
Net Interest Cost	**1.61**	1.63
Defined Benefit Cost recognised in the Statement of Profit and Loss	**1.61**	1.63

Components of cost of Retirement Benefits to Executive Director recognized in the Consolidated Statement of Other Comprehensive Income:

₹ in Crores

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Actuarial (gains)/losses on Defined Benefit Obligation	**(0.19)**	(0.82)
Defined Benefit Cost recognised in the Statement of Profit and Loss	**(0.19)**	(0.82)

D. Compensated Absences:

In FY 2023-2024, increase in provision for compensated absences for the year is ₹ 3.41 Crores. (In FY 2022-2023 ₹ 1.48 Crores has been recognised in the Consolidated Statement of Profit and Loss as an expense for compensated absences).

39. Segment Reporting

The Management Committee of the Group, approved by the Board of Directors and Audit Committee performs the function of allotment of resources and assessment of performance of the Group. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Group has identified that Chief Operating Decision Maker function is being performed by the Management Committee. The financial information presented to the Management Committee in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for paints and other related products of the Group. As the Management Committee monitors the business activity as a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

As the Group mainly caters to the domestic market in India, the total overseas turnover is 3.97% (2022-2023 4.75%) of the total turnover of the group, which is insignificant and hence is not separately monitored by the Management Committee.

40. Financial Instruments: Fair values and Risk Management

(A) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

₹ in Crores

	Year	At FVTPL	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair Value						
Non-current Assets: Investments (Note 6)	**2024**	**3.72**	**1.65**	**—**	**2.07**	**3.72**
	2023	3.23	0.89	—	2.34	3.23
Current Assets: Investments (Note 10)	**2024**	**1322.90**	**—**	**1322.90**	**—**	**1322.90**
	2023	498.13	—	498.13	—	498.13

There have been no transfers between Level 1 and Level 2 during the year and previous year.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

— Credit Risk

— Liquidity Risk

— Market Risk

(i) Risk Management Framework

Risk Management Committee oversees the management of these risks. Management is supported by Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Risk Management Committee provides assurance to the management that Group's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group's Risk Management Policies are established to identify and analyses the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk Management Policies and Systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit Risk

Credit Risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and investments in debt securities. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed constantly. Any sales exceeding those limits require approval from the management.

The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables. For trade receivables, as a practical expedient, the Group computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

₹ in Crores

Movement in expected credit loss allowance on trade receivable	31st March, 2024	31st March, 2023
Balance as beginning of the year	**51.83**	49.40
Loss allowance measured at lifetime expected credit losses	**4.85**	2.43
Balance at the end of the year	**56.68**	51.83

Financial Instruments and Cash Deposits

Credit risks from balances with banks and financial institutions is managed by the Group's Treasury Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity Risk

Liquidity risk the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(iii) Liquidity Risk (contd.)

Maturities of Financial Liabilities:

The table below analyse the Group's financial liabilities into relevant maturing grouping based on their contractual maturities:

₹ in Crores

	Year ended	On demand	Upto 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years and above	Total
Borrowings (Current and Non-current)	**31-03-2024**	**70.24**	**1.56**	**32.33**	**1.56**	**5.00**	**10.00**	**120.70**
	31-03-2023	67.02	1.56	68.58	18.13	4.69	—	159.98
Trade Payables ...	**31-03-2024**	**—**	**1095.58**	**—**	**—**	**—**	**—**	**1095.58**
	31-03-2023	—	1015.55	—	—	—	—	1015.55
Other Financial Liabilities..............	**31-03-2024**	**52.85**	**34.45**	**—**	**—**	**—**	**—**	**87.30**
	31-03-2023	52.50	17.24	—	—	—	—	69.74

For maturity profile of lease liabilities, refer note 22

(iv) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. In respect of monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level.

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments, debentures and bonds. Since the investments in equity instruments and debentures is not material and bonds being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in equity instrument and debentures is given in Note 6 and details of investments in bonds is given in Note 10.

Exposure to Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Group's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due on timely basis. The Group does not enter into any derivative instruments for trading or speculative purposes. The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

₹ in Crores

Financial Assets		EURO	JPY	USD	GBP	SGD	Total
Trade Receivables...	**31-03-2024**	**—**	**—**	**1.65**	**—**	**—**	**1.65**
	31-03-2023	—	—	2.59	—	—	2.59
Financial Liabilities							
Trade Payables (Net of Hedge)...	**31-03-2024**	**2.58**	**32.62**	**56.04**	**—**	**0.01**	**91.25**
	31-03-2023	(2.62)	(29.79)	(114.71)	(0.12)	—	(147.24)
Net exposure to Foreign Currency Risk (Liabilities)	**31-03-2024**	**2.58**	**32.62**	**57.69**	**—**	**0.01**	**92.89**
	31-03-2023	(2.62)	(29.79)	(112.12)	(0.12)	—	(144.65)

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(iv) Market Risk (contd.)

Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in CHF, EURO, JPY, BDT, GBP and USD exchange rates, with all other variable held constant.

₹ in Crores

	Profit or Loss		Equity Net of Tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31st March, 2024				
EURO (5% movement)	**0.13**	**(0.13)**	**0.10**	**(0.10)**
JPY (5% movement)	**1.63**	**(1.63)**	**1.22**	**(1.22)**
SGD (5% movement)	**—**	**—**	**—**	**—**
USD (5% movement)	**2.88**	**(2.88)**	**2.16**	**(2.16)**
31st March, 2023				
EURO (5% movement)	(0.13)	0.13	0.10	(0.10)
JPY (5% movement)	(1.49)	1.49	1.11	(1.11)
USD (5% movement)	(5.61)	5.16	4.19	(4.19)
GBP(5% movement)	(0.01)	0.01	—	—

(v) There are no outstanding Forward Foreign Exchange Contracts entered into by the Company during current and previous year.

(vi) Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and finance lease obligations. Borrowings issued at fixed rates exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
Fixed-Rate Instruments		
Financial Assets	**85.59**	24.91
Financial Liabilities	**104.72**	138.19
Net Liabilities/ (Assets)	**19.13**	113.28
Variable-Rate Instruments		
Financial Liabilities	**15.98**	21.79
	15.98	21.79

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

40. Financial Instruments: Fair Values and Risk Management (contd.)

(B) Financial Risk Management (contd.)

(vi) Interest Rate Risk (contd.)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	100 bps increase	100 bps decrease
31st March 2024		
Variable-Rate Instruments	**0.16**	**0.16**
Cash Flow Sensitivity (net)	**0.16**	**0.16**
31st March 2023		
Variable-Rate Instruments	0.11	0.11
Cash Flow Sensitivity (net)	0.11	0.11

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between
Other Non-current assets: Investment measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	– Forecast Annual revenue growth – Forecast EBITDA growth margin – Risk adjustment discounted rate	Generally, a changes in the annual revenue growth rate is accompanied similar change in EBITDA margin.
Current investments – in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors	Not applicable	Not applicable

The Group determined the fair value measurements of investments – unquoted categorised in Level 2 based on price agreed in a sale transaction between unrelated parties.

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at 31st March, 2024 and 31st March, 2023 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

41. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2019-20, to the extent the Group has received intimation from the "Suppliers" regarding their status under the Act.

₹ in Crores

	As at 31st March, 2024	As at 31st March, 2023
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprise (Refer Note 23 and 24)....	**103.01**	90.81
Interest due on above........	**—**	—
(ii) Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	**—**	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	**—**	—
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year........	**—**	—
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	**—**	—

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

42. Impairment of Goodwill (Refer with Note 5A)

(a) Kansai Nerolac Paints (Bangladesh) Limited, Bangladesh

The business was taken over by Kansai Nerolac Paints Limited on 17th July 2018. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Discount Rate........	**16.25%**	15.87%
Terminal Value Growth Rate........	**5.50%**	3.00%
Sales Growth Rate	**20.00 - 12.00%**	15.00 - 12.00%

The discount rate for 2023-24 was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of 50% (2022-2023 - 50.00%) at a risk free interest rate of 4.50% (2022-2023 - 8.45%).

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

(b) KNP Japan Private Limited

The business was taken over by Kansai Nerolac Paints Limited on 1st October 2012. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

42. Impairment of Goodwill (Refer with Note 5A) (contd.)

(b) KNP Japan Private Limited (contd.)

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Discount Rate	**12.29%**	12.29%
Terminal Value Growth Rate	**5.00%**	5.00%
Sales Growth Rate	**12.00%**	12.00%

The discount rate for 2023-2024 was post tax measure estimated based on the weighted-average cost of capital. with the no debt leveraging as the company is debt-free.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

43. Disclosures as required under Schedule III to the Companies Act 2013 with respect to Consolidated Financial Statements.

(a) As at and for the year ended 31 March, 2024

Name of the entity in the Group	As at 31 March, 2024		For the year ended 31 March, 2024		For the year ended 31 March, 2024		For the year ended 31 March, 2024	
	Net assets*		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Crores	As % of consolidated profit or loss	₹ in Crores	As % of consolidated other comprehensive income	₹ in Crores	As % of consolidated total comprehensive income	₹ in Crores
Holding Company								
Kansai Nerolac Paints Limited	**101.97%**	**5653.12**	**100.60%**	**1182.87**	**98.69%**	**(3.77)**	**100.60%**	**1179.10**
Subsidiaries (Group's share)								
Indian								
Nerofix Private Limited	**0.17%**	**9.27**	**(0.23%)**	**(2.74)**	**(5.50%)**	**0.21**	**(0.22%)**	**(2.53)**
Foreign								
KNP Japan Private Limited	**1.13%**	**63.17**	**0.47%**	**5.49**	**—**	**—**	**0.47%**	**5.48**
Kansai Paints Lanka Private Limited	**0.24%**	**13.66**	**(0.61%)**	**(7.21)**	**0.26%**	**(0.01)**	**(0.62%)**	**(7.22)**
Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited)	**(0.73%)**	**(41.01)**	**(1.60%)**	**(18.77)**	**36.91%**	**(1.41)**	**(1.72%)**	**(20.19)**
Total Eliminations/ Adjustments	**(1.78%)**	**(99.61)**	**1.38%**	**16.22**	**—**	**—**	**1.39%**	**16.24**
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**—**	**(30.37%)**	**1.16**	**0.10%**	**1.16**
Total	**100.00%**	**5598.60**	**100.00%**	**1175.86**	**100.00%**	**(3.82)**	**100.00%**	**1172.04**

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

43. Disclosures as required under Schedule III to the Companies Act 2013 with respect to Consolidated Financial Statements (contd.)

(b) As at and for the year ended 31 March, 2023

Name of the entity in the Group	As at 31 March, 2023		For the year ended 31 March, 2023		For the year ended 31 March, 2023		For the year ended 31 March, 2023	
	Net assets*		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Crores	As % of consolidated profit or loss	₹ in Crores	As % of consolidated other comprehensive income	₹ in Crores	As % of consolidated total comprehensive income	₹ in Crores
Holding Company								
Kansai Nerolac Paints Limited	101.03%	4607.38	103.83%	486.43	1.58%	0.16	101.67%	486.59
Subsidiaries (Group's share)								
Indian								
Nerofix Private Limited	0.26%	11.79	0.02%	0.10	(0.39%)	(0.04)	0.01%	0.06
Foreign								
KNP Japan Private Limited	1.30%	59.34	1.50%	7.04	—	—	1.47%	7.04
Kansai Paints Lanka Private Limited	0.44%	20.25	(0.74%)	(3.48)	0.20%	0.02	(0.72%)	(3.46)
Kansai Nerolac Paints (Bangladesh) Limited (formerly known as RAK Paints Limited).......................	(0.47%)	(21.41)	(2.83%)	(13.27)	(4.04%)	(0.41)	(2.86%)	(13.68)
Total Eliminations/ Adjustments...........................	(2.56%)	(116.94)	(1.78%)	(8.35)	—	—	(1.74%)	(8.35)
Exchange differences on translation of foreign operations	—	—	—	—	102.66%	10.42	2.18%	10.42
Total	100.00%	4560.41	100.00%	468.47	100.00%	10.15	100.00%	478.62

** Net assets = total assets minus total liabilities*

44. Share based payments

The Company has granted share based incentives to certain eligible employees on 1 January 2023, under Kansai Nerolac Employee Stock Option Plan ('RSU 2022 Plan') approved by Nomination and Remuneration Committee (NRC). As per the scheme, the number of shares that will vest is conditional upon certain performance measures determined by NRC. The performance measures under this scheme include growth in sales and earnings. The options granted under this scheme is exercisable by employees till four years from date of its vesting. The Company has granted options at an exercise price of Re. 1/-.

₹ in Crores

	Year Ended 31st March, 2024	Year Ended 31st March, 2023
Options outstanding at the beginning of the year...	**1,180,615**	—
Impact of Bonus shares on the opening shares	**5,87,590**	—
Granted during the year..	**1,36,012**	11,92,792
Forfeited/Expired during the year	**81,480**	12,177
Exercised during the year...	**—**	—
Outstanding at the end of the year	**18,22,737**	11,80,615
Options exercisable at the end of the year...	**60,784**	—

Notes to the Consolidated Financial Statements
for the year ended 31st March, 2024

44. Share based payments (contd.)

The Company has estimated fair value of options using Black Scholes model for Time based RSU's and Monte Carlo Simulation model for Performance based RSU's. The following assumptions were used for calculation of fair value of options granted during the year ended 31st March, 2024

	Estimate	
Assumption factor (Black Scholes model)	**2023-2024**	2022-2023
Risk free rate	**6.87% - 7.23%**	7.14% - 7.23%
Expected life of option	**3 - 5 years**	4 - 7 years
Expected volatility	**29.97% - 37.80%**	32% - 35%
Fair Value per RSU (₹)	**278.31 - 431.74**	425.57 - 430.61
Market price at the time of grant of the option (₹)	**290.05 - 439.25**	439.25
Dividend Yield	**0.51% - 0.78%**	0.60%

	Estimate	
Assumption factor (Monte Carlo Simulation model)	**2023-2024**	2022-2023
Risk free rate	**6.76% - 7.15%**	7.15%
Expected life of option	**3.25 - 2.08 years**	4 years
Expected volatility	**28.07% - 34.2%**	34.2%
Fair Value per RSU (₹)	**165.88 - 281.84**	281.84
Market price at the time of grant of the option (₹)	**290.05 - 439.25**	439.25
Dividend Yield	**0.60% - 0.78%**	0.60%

45. Other Statutory Information

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company has identified transaction with one struck off company i.e. Chemene Bombay Private Limited as Clearing and Forwarding Agent with whom transaction during the year amounts to ₹ Nil Crores (2022-2023 ₹ 0.15 Crores).

(iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

46. Exceptional Items

Profit on Sale of Asset held for sale

On 30th June, 2023, the Holding Company had entered into a Deed of Conveyance with Shoden Developers Private Limited, a group company of House of Hiranandani for sale of its land at Kavesar, Thane for the total consideration of ₹ 671.00 Crores. Accordingly, the profit on sale of ₹ 661.25 Crores has been disclosed as an exceptional item in the year ended 31 March 2024.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2024

47. Audit Trail

The Holding Company and its Subsidiary which are companies incorporated in India, have used three accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that in case of two accounting softwares, audit trail feature is not enabled by the Holding Company and its subsidiary company and based on the SOC report obtained by the Holding Company, audit trail feature is enabled for other accounting software. Further no instance of audit trail feature being tampered with was noted in respect of the accounting softwares.

48. The figures for the previous year have been regrouped/ reclassified wherever necessary to confirm with the current year's classification.

As per our attached report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Anil Jobanputra
Partner
Membership No.: 110759

Mumbai, 4th May, 2024

For and on behalf of the Board of Directors of **Kansai Nerolac Paints Limited**

P. P. Shah
Chairman
DIN: 00066242

Anuj Jain
Managing Director
DIN: 08091524

Sonia Singh
Director
DIN: 07108778

Bhaskar Bhat
Director
DIN: 00148778

P. D. Pai
CFO

G. T. Govindarajan
Company Secretary
ACS No. 8887

Mumbai, 4th May, 2024

Summarised Standalone Statement of Profit and Loss of 15 Years

₹ in Crores

Year	Total Revenue#	Cost of Materials/ Products	Employee Benefits Expenses	Other Expenses	Finance Costs	Depreciation and Amortisation Expenses	Exceptional Item	Tax Expense	Profit after Tax	Dividend	Dividend per Share (₹)	Earnings per Share Basic (₹)	Earnings per Share Diluted (₹)	Net Worth per Share (₹)
2009-2010	1726.77	1071.82	75.05	295.83	1.20	44.26	—	73.11	165.50	40.42	15.00	30.71 ^	—	287
2010-2011	2187.56	1400.25	91.64	356.34	0.84	49.36	—	83.15	205.98	53.89	10.00 **	38.22	—	170 +
2011-2012	2624.84	1740.41	106.94	415.91	0.09	56.35	—	89.24	215.90	59.28	11.00	40.06	—	197
2012-2013	2872.94	1942.62	118.14	459.76	0.02	47.11	—	90.80 &	214.49 &	59.28	11.00	39.80 &	—	224 &
2013-2014	3174.35	2133.95	135.88	532.10	0.45	64.98	—	100.42	206.57	59.28	1.10 ~	3.83 $	—	26 $
2014-2015	3570.85	2364.44	143.30	596.50	0.02	67.69	—	127.23	271.67	75.45	1.40 ~	5.04 $	—	30 $
2015-2016	3765.88	2348.36	170.11	640.08	—	67.72	—	176.10	363.51 &	164.37	3.05 ^^	6.65 &	—	46
2016-2017	4097.29	2342.95	198.12	727.31	—	69.49	—	253.48	505.94	161.67 €	3.00 €	9.39	—	52
2017-2018	4658.99	2774.07	226.56	796.17	—	75.79	—	270.00	516.40	140.11 €	2.60 €	9.58	—	58
2018-2019	5235.50	3302.53	255.38	873.71	—	90.47	—	246.06	467.35	140.11 €	2.60 €	8.67	—	64
2019-2020	4970.03	3057.62	269.38	834.55	5.00	119.88	—	148.20	535.40	169.76 €	3.15 €	6.61 @	—	70
2020-2021	4809.75	2957.44	268.62	686.91	8.48	149.01	10.82	183.47	530.60	282.93 *€	5.25 *€	6.56 @	—	76
2021-2022	5981.76	4129.26	312.37	859.93	9.87	153.82	11.39	130.79	374.33	121.25 *€	2.25 *€	4.63 @	—	77
2022-2023	7111.85	4955.34	333.84	997.95	9.73	164.63	—	163.93	486.43	145.51 €	2.70 €	6.02 @	6.02	85
2023-2024	**7486.41**	**4769.73**	**401.76**	**1198.93**	**12.46**	**179.96**	**642.25**	**382.95**	**1182.87**	**303.15 €**	**3.75 *€**	**14.63**	**14.62**	**70**

#	Net of Rebates & Excise Duty upto 2014-2015, From 2015-2016, net of Rebates and Discounts.
^	Re-calculated consequent to the Bonus Issue of 1:1 2010-2011.
**	On enhanced Share capital consequent to the Bonus Issue in 2010-2011.
+	Consequent to the Bonus Issue in 2010-2011.
&	Before Exceptional Items (Net of Tax).
$	Re-calculated consequent to the subdivision of Equity Share of face value of ₹ 10 each to 10 (ten) equity shares of ₹ 1 each
~	Consequent to the subdivision of Equity Share
^^	Includes Special Dividend of ₹ 1.25 per share.
€	The dividend proposed by the Directors is subject to approval of shareholders at the annual general meeting. The proposed dividend have not been recognised as liabilities.
*	Includes Interim Dividend ₹ 1.25 per share paid on 27th November 2020 and Special Dividend of ₹ 2.00 per share for FY 2020-2021 Includes Interim Dividend ₹ 1.25 per share paid on 22nd November 2021 for FY 2021-2022 Includes Special Dividend of ₹ 1.25 per share for FY 2023-2024
@	EPS has been calculated considering face value of share of ₹ 1 each and has been restated on account of bonus issue.

Figures pertaining to 31 March, 2021 have been recast to give effect of merger of Marpol Private Limited and Perma Construction Aids Private Limited with Company.

Figures from financial year 2015-2016 are Ind AS compliant

NOTES

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KANSAI NEROLAC PAINTS LIMITED

A SUBSIDIARY OF KANSAI PAINT CO., LTD., JAPAN

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